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TO: Nicole Gaudette and Susan McLain, City of Burien
FROM: ECONorthwest
SUBJECT: BURIEN HOUSING ACTION PLAN – TASK 1: REFINED HOUSING NEEDS ANALYSIS

Executive Summary

In response to the housing challenges facing many of its residents, the City of Burien has been actively developing a set of *Housing Action Plans* to analyze data on the housing needs of current and future residents and to understand strategies that can support housing at a variety of price points to meet these needs. This memorandum is the first step in the City's individual *Housing Action Plan*, and builds on work that was done as part of a regional effort, through the South King County *Subregional Housing Action Framework*.

When completed in late 2020, Burien's individual Housing Action Plan will:

- Offer an overview of the housing landscape and planning environment,
- Provide key data and analysis on the current housing inventory and future housing need in the City,
- Shed light on the development considerations that are working well, areas that need improvement, and emerging development issues that require new solutions,
- Identify key recommendations to encourage more housing development, and
- Help the City and its partners plan for additional housing over the next 20 years.

Numerous Planning Efforts

The City of Burien is in the midst of numerous planning projects surrounding the need for more housing and more affordable housing. From Puget Sound Regional Council (PSRC) to the South King County Subregion, to city-specific policies and planning efforts, there are numerous reports, projects, findings, and data points all demonstrating that the City needs to produce more housing at all income levels to meet its growing population.

According to PSRC data, the City of Burien is expected to see its population reach almost 58,500 people by 2040. This is an increase of about 11.5 percent from the estimated 52,000 people who lived in the City in 2018 (according to 2019 data from the Washington Office of Financial Management). This increase in population spurs many questions: *What income and demographic characteristics will future households have? Where will households live and in what housing types? How can future households thrive in a rapidly changing Puget Sound economy?*

The answers to these questions and the ability for future households to meet their housing needs depends on decisions and policy choices made today. Underpinning many households' economic security is the availability of decent, affordable housing in the City.

Burien Needs More Housing

To accommodate this expected population growth, Burien needs to produce 3,435 new housing units by 2040, of all types, sizes, and affordability levels. This translates to 172 housing units per year, which is a significant increase over the average production of 105 units per year in the 2011-2019 timeframe. Burien has seen around 60 units built per year, but the annual average was pulled up when 177 units were delivered in 2015 and 416 units were delivered in 2018.

In the 2010-2019 timeframe, Burien produced 9.3 housing units for every 10 new households that formed in the city. This is higher than most other cities in the South King County subregion but still underproducing relative to demand for housing. When demand for new housing exceeds the supply of new housing, prices rise. This mismatch between demand and supply has impacted Burien: between 2013 and 2020, average 2-bedroom rents increased 45 percent, while median sales prices for single-family homes increased 101 percent. Burien has the second highest home prices in the South King County subregion, just below Renton.

Because housing costs are growing so rapidly, and household incomes are not keeping pace, many Burien households are increasingly experiencing cost-burdening, where they spend more than 30 percent of their gross incomes on housing costs. During the 2012-2016 period, 75 percent of renters and 70 percent of homeowners earning less than 30% of the area's median family income (MFI) were cost burdened, along with 20 percent of renters and 55 percent of homeowners earning between 30% and 50% of MFI. In addition, households of color in the region – particularly Hispanic households and Black or African American households – are disproportionately cost burdened, leaving less income available for other necessities.

When transportation costs are included, low-income households are also spending too much on these necessities. According to the Center for Neighborhood Technology's Housing + Transportation Index, the average household earning 80% of MFI spends 52 percent of its income on housing and transportation costs, way above the affordable threshold of 45 percent. When analyzing data from the Census Bureau, one can see that households of color rely on public transit more than non-Hispanic White households.

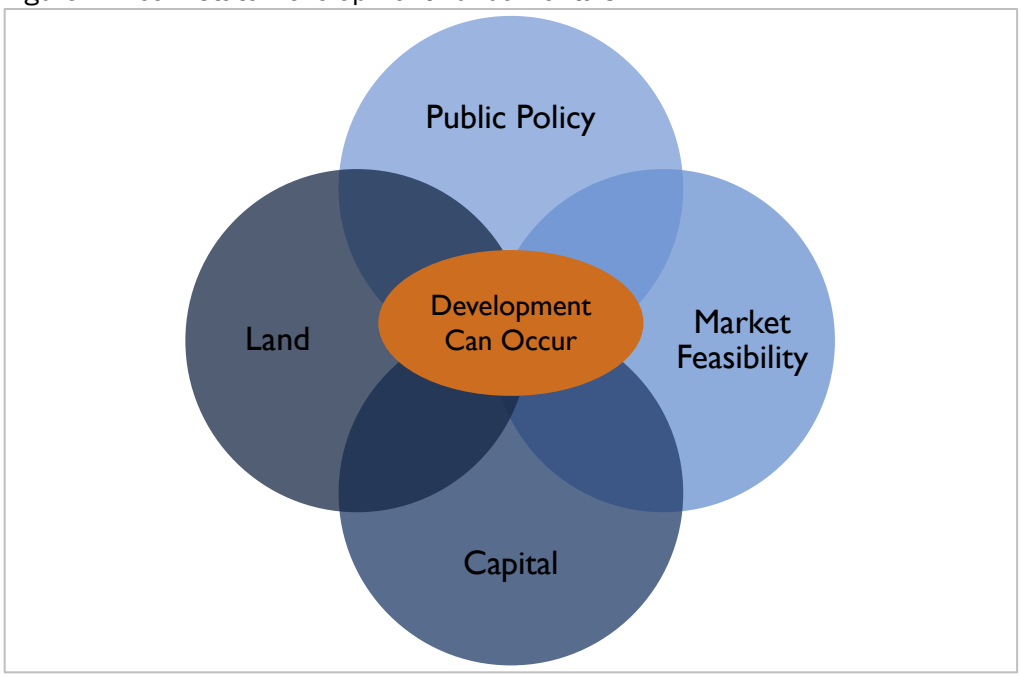
The 3,435 new housing units needed by 2040 should be developed in areas that are well-served by transit, and are in close proximity to schools, job centers, and other amenities to limit the impact of transportation costs on household budgets. At the same time, the City should continue to support new transit service and supporting transit-oriented development.

Housing Development is Multi-faceted and Dynamic

Housing development is an incredibly complex and lengthy process. The private sector produces the majority of all new housing development, and this market is governed by economic fundamentals of supply and demand, which is influenced by government regulation. However, many regulations are set at the state level (such as Growth Management Act requirements or environmental review processes). These factors limit local governments' ability to influence housing development.

Private sector development occurs at the intersection of land availability, public policies, market feasibility, and capital funding. In a similar way, regulated affordable housing is subject to the same factors, and more. Housing development relies on inputs set by numerous interrelated markets and players – from the cost of land to the cost of labor and materials to the price of rents – each input to development is its own market with supply and demand factors constantly in flux.

Figure 1. Real Estate Development Fundamentals



Source: ECONorthwest.

- On a **parcel of land**, for-profit (which are the majority) landowners and property developers will evaluate a site for the economically highest and best use allowed, be that office, residential, commercial, or vacant land, depending on the parcel's unique characteristics.
- **Public policies**, like land use restrictions or zoning, dictate what types of development can occur and where, usually for aesthetic, health, safety, or economic reasons. A single policy can have many different impacts; adding new policies and removing existing regulations is a complex process with a lot of influence across many sectors.
- **Market feasibility** is a robust process that assesses the demand for development - comparing the expected revenues against the investment costs (e.g., labor and materials) - for the desired types of development. If a development project is not feasible, it will not be built.
- **Capital** is necessary to pay for the costs of development and influences market feasibility due to the expected return on investment. Capital seeking return on investment can flow to other sectors – stocks, bonds, etc. – when real estate development cannot meet return requirements.

Development occurs when all these factors align: land is available and properly zoned, regulations allow the development, the product is feasible, and capital can be deployed for an investment return. Influencing where and what is developed is challenging, takes time, and requires input from numerous stakeholders (e.g., government, the public, impacted neighbors, and the development community). Agreeing on where and how to build some housing types – higher density housing or low-income housing – can see more neighborhood opposition.[1]

Building sufficient market rate housing is important, so that production keeps up with demand. In the past decade, Burien did not see enough housing units developed to meet the demand for housing, and prices rose as a result. Of the 3,435 units Burien needs to develop by 2040, 1,374 units need to be affordable to households earning 100% or more of MFI. With insufficient supply of higher-priced housing units (which are easier to build due to the aforementioned real estate considerations), these households may be renting less expensive housing, thereby removing access to low-cost housing for lower-income households.

Developing Affordable Housing can be Even More Challenging

Many local planning efforts call for more affordable housing that is restricted for low-income households. Of the 3,435 new units needed by 2040, about 481 of them should be affordable to households earning 0-30% of MFI and another 412 should be affordable to households earning 30-50% of MFI. Currently, Burien only has about 1,000 units of regulated affordable housing for households earning less than 60% of MFI, so this is a meaningful increase.

The development of regulated affordable housing can be challenging considering all four fundamentals of development feasibility: land can be expensive, particularly in high-opportunity or amenity-rich areas; a significant portion of the property's capital typically needs to be mission-driven with below-market investment rates; feasibility is difficult due to the reduced rental revenues at the property; and regulations can be challenging particularly as it relates to neighborhood opposition and challenges to design or development standards. While developing these units can be challenging, regulated affordable housing is a critical part of a city's housing stock and new units can help ease cost burdening for low-income households. A few financial advantages can be found by developing affordable housing in Qualified Census Tracts and Opportunity Zone Tracts – of which Burien has six and four, respectively.

This Housing Action Plan can Help

Future documents created as part of this Housing Action Plan will offer recommendations and strategies for how the city can encourage housing development at all income levels needed to accommodate future and current residents. This memorandum begins the Housing Action Plan by laying out the fundamentals of data sources, definitions, the affordable housing development process, and housing data specific to Burien and all its residents. It is clear that work remains, but this plan along with the encouraging efforts and attention paid to housing planning and development considerations, can help the city plan for growth.

[1] Hsieh, C., & Moretti, E. (2015, revised May 2017). Housing Constraints and Spatial Misallocation. National Bureau of Economic Research.

Introduction

The City of Burien received a grant from the Washington State Department of Commerce through HB 1923 to develop a *Housing Action Plan*. This Housing Action Plan will outline the housing needs and housing production strategies to reach PSRC 2040 population and household growth projections. The Plan will include data analysis of the demographic and employment trends driving future housing needs, meaningful public engagement with citizens, developers, non-profits, and community organizations, an evaluation of existing housing policies, and strategies to incentivize future development in the City.

Burien also participated in a in *Subregional Housing Action Framework* for the South King County region, along with the cities of Auburn, Federal Way, Kent, Renton, and Tukwila.

Purpose of this Memorandum

This Housing Needs Analysis is a requirement of the Department of Commerce's funding for Burien's individual *Housing Action Plan*. It builds off the housing needs analysis and data analysis completed in the *Subregional Housing Action Framework*. The City requested refinements to the prior work, with some specific additions focused on understanding common affordable housing terms, data, and processes; understanding the various planning efforts related to affordable housing in the region and City; and understanding funding sources and opportunities in the region and City.

This memorandum is divided into three parts, beginning most broad and narrowing down.

- **Part 1: General Affordable Housing Information** describes general affordable housing, finance, and planning definitions, describes the typical affordable housing development process (and how it differs from market rate development), and lists common data sources for housing data along with considerations for each source.
- **Part 2: Washington and Burien Affordable Housing** describes ongoing housing and affordable housing planning efforts, local affordable housing funding programs, Burien's income limits, and Burien's Census Tracts that have extra funding benefits for affordable housing development.
- **Part 3: Burien's Refined Housing Needs Analysis** provides data and analysis on housing trends, demographics, affordability, and employment/transportation needs in Burien, evaluating the city's Housing Needs by 2040. This section builds on the data analyzed in the South King County *Subregional Housing Action Framework*.

Part 1: General Affordable Housing Information

This section describes general affordable housing information, such as common terms and definitions, the typical affordable housing development process, and common sources for affordable housing data and analysis.

Common Affordable Housing & Planning Definitions

The following definitions are commonly used for affordable housing development and planning projects.

AFFORDABLE HOUSING In the study, "affordable housing" refers to rental housing that households earning up to about 60% of the area median family income (see Area Median Family Income below) can afford by paying no more than 30% of their pre-tax income on rent.

> Regulated affordable housing that is income or rent-restricted to ensure the housing is occupied by households earning a certain income. Regulations are set according to the types of funding used to develop the housing, such as the Low-Income Housing Tax Credit, or U.S. Housing and Urban Development (HUD) funding. Most rent-restricted affordable housing is restricted to be affordable to households earning under 60% MFI, but these restrictions vary. The terms 'regulated affordable housing' and 'restricted affordable housing' are often used interchangeably.

AREA MEDIAN INCOME (AMI)/MEDIAN FAMILY INCOME (MFI) Every year the U.S. Housing and Urban Development (HUD) produces a median family income to determine affordability thresholds for a given metro area (sometimes these geographies are HUD-specific). Affordable housing projects' income limits, rent limits, loans, and other characteristics will be based off this MFI (e.g., units affordable to households earning 30% of MFI or 50% of MFI).[2]

In this document, AMI and MFI are considered to be synonymous. However Area Median Income and Median Family Income differ from Median Household Income (MHI) in important ways. A discussion of Burien's MFI and MHI can be found on page 18.

COMMUNITY LAND TRUST A land banking model where a community organization owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms. This model allows low-income households to become homeowners and capture a portion of the growth in home value as equity, but ensures that the home remains affordable for future homebuyers.

[2] A note on MFI vs AMI from HUD: "HUD estimates Median Family Income (MFI) annually for each metropolitan area and non-metropolitan county. The metropolitan area definitions are the same ones HUD uses for Fair Market Rents (except where statute requires a different configuration). HUD calculates Income Limits as a function of the area's Median Family Income (MFI). The basis for HUD's median family incomes is data from the American Community Survey, table B19113 - MEDIAN FAMILY INCOME IN THE PAST 12 MONTHS. The term Area Median Income is the term used more generally in the industry. If the term Area Median Income (AMI) is used in an unqualified manor, this reference is synonymous with HUD's MFI. However, if the term AMI is qualified in some way - generally percentages of AMI, or AMI adjusted for family size, then this is a reference to HUD's income limits, which are calculated as percentages of median incomes and include adjustments for families of different sizes." Source: HUD. 2018. "FY 2018 Income Limits Frequently Asked Questions." https://www.huduser.gov/portal/datasets/il/il18/FAQs-18r.pdf

COST BURDENED The term “cost burdening” refers to households who pay more than 30 percent of their income on housing costs. The term “severe cost burdening” is used for households paying more than 50 percent of their income on housing. These terms come from HUD, and include mortgage payments and interest, or rent, utilities, and insurance.

COVENANT A restriction placed on the title of a property that, depending on the provision, maintains the affordability of the affected housing units in a predetermined amount of time (e.g. 50 years).

CROSS-SUBSIDIZE A mixed-income development with market rate and rent restricted units may be able to cross-subsidize its revenues. The market rate units charge high enough rents to offset some of the lost revenues associated with lower rents in the affordable units.

CAPITAL STACK The mix of funding sources either in a fund or used to pay for construction of a development project. Different types of funding are “stacked” together. Each type of funding sits at a different level in the stack corresponding to risk and rate of return (lower risk corresponds with lower return and vice-versa).

DEED RESTRICTION See Covenant.

DENSITY BONUS An incentive which allows development at higher densities than what would otherwise be allowed under existing zoning. Generally, a jurisdiction offers a density bonus to developers/property owners in to encourage the types of housing that are not being delivered by the private market. Sometimes, these bonuses are provide in exchange for the property including public benefits (such as affordable housing units).

DEVELOPMENT PHASES The typical phases are predevelopment, construction, and operation. Predevelopment can be split into early-stage predevelopment (project visioning, design, and concept planning) and late-stage predevelopment (securing project funding, securing sites, permits, and entitlements such as zoning or rezoning). Early-stage predevelopment projects often end up infeasible and cannot carry debt.

DEVELOPMENT PIPELINE Development projects that are expected to happen in the near future (e.g. under construction, received funding awards, permitted, etc.).

FEASIBILITY A project needs to be financially feasible, demonstrating that the revenues generated from rents are sufficient to cover operations, debt servicing, and capital reserves. A project’s development team will create a pro forma to determine feasibility and adjust the number of units, size, rents, and construction costs until the project revenues match expected operating costs (often referred to as “penciling out”). Funders need to understand financial feasibility before they will award a project funding.

GAP FUNDING A relatively flexible funding source that is applied after major funding programs (government or philanthropic) are awarded and after NOI determines how much debt the project can handle. Gap funders are usually mission-based and fill the remaining gap with low cost financing to get the project to be financially feasible.

GROWTH MANAGEMENT A set of concerted efforts, policies, or planning practices to accommodate and minimize the impact of population growth, development, and services in a way that is mindful of human and business needs, environmental conditions. land use efficiencies.

HIGHEST AND BEST USE "Highest and best use" is a term used in the real estate industry that refers to the land use that is most likely to produce the most economic benefits to the property owner. The highest and best use for any property will be: (1) physically possible, (2) legally permissible, (3) financially feasible, and (4) maximally productive.

HOUSING AFFORDABILITY "Housing that is affordable" refers to any type of housing, regulated or not, that costs less than 30 percent of a household's pre-tax income. This definition is a generally accepted definition of affordability. This is not to be confused with "affordable housing."

HOUSING CHOICE VOUCHERS The Section-8 Housing Choice Voucher program provides rental assistance to bring down the cost of housing. Households must meet certain income restrictions to qualify for a voucher. The program is federally funded but administered through public housing agencies. Typically a household with a voucher pays 30 percent of their income on housing, plus utilities, and the voucher pays the rest up to a limit set by HUD. There are two types of vouchers, tenant-based or project-based, but the majority are tenant-based. Tenant-based vouchers move with a household, and can be used in regulated affordable housing, or in the private housing market. Project-based vouchers are contracted to remain at a certain property. Project-based vouchers are similar to the Project-Based Rental Assistance program.

HOUSING NEEDS ANALYSIS A data exercise to determine how many housing units will be needed by a future date to accommodate expected population and or household growth projections. Regional and local growth projections are often estimated by a state housing agency and jurisdictions are required (or recommended) to plan and zone enough land to accommodate all the needed housing units. This is a requirement of Growth Management Planning (see Growth Management.)

IMPACT INVESTING Mission-oriented investors who are willing to sacrifice financial return on investment by funding projects that will generate positive social returns (e.g. affordable housing, community development, etc.).

LAND BANKING see Community Land Trust.

LEVY A levy is a voter-approved taxation tool to collect money for various purposes, including affordable housing or schools. For example, governments levy property taxes to pay for government services that provide public benefit. In this case, property owners would pay the levy at the legal rate imposed. In the City of Seattle, for instance, voters have approved five levies over time, which have generated enough revenue to fund the development of more than 13,000 affordable homes.

LOW COST MARKET RENTALS Housing that is affordable to low income households but not regulated or restricted by a funding source, is referred to as "low cost market rentals." These housing units are often affordable by nature of their location, condition, age, or the amenities offered nearby or at the property. These units are often called "naturally occurring affordable housing."

LOW-INCOME HOUSING TAX CREDIT (LIHTC) HUD Considers the LIHTC program to be the most important source of affordable housing funding in the U.S. (Citation: HUD). This program allows state housing finance agencies to award tax credits to eligible affordable housing developments. These developments form partnerships which sell the tax credits to investors in exchange for equity. Proceeds from the sale of tax credits are used to pay for the construction and development of the project. These public-private-partnerships are extremely successful and provide a stable investment for banks and other institutions looking to reinvest in the community and receive Community Reinvestment Act credit.

Each state housing finance agency sets its funding priorities to guide the types of affordable housing developments it desires and needs. There are two types of tax credits, a 9% credit that is awarded competitively each year, and a non-competitive 4% credit that is paired with bond financing and is subject to a maximum bond cap each year. These programs fund housing that is

affordable to households earning between 0% and 80% of the area median income. Individual LIHTC projects must average 60% of the area median income across all units.

MARKET RENTAL HOUSING Rental housing where rent is set out by the building owner to reflect market conditions; typically developed by for-profit developers.

MEDIAN FAMILY INCOME (MFI) Synonymous with Area Median Income (see definition above).

MEDIAN HOUSEHOLD INCOME (MHI) A calculation of the median value of all households incomes in an area, using Census household-level information. This statistic differs from the Area Median Income and Median Family Income in important ways. A discussion of Burien's MFI and MHI can be found on page 18.

MISSING MIDDLE HOUSING Missing middle housing is a term coined by Opticos Design to refer to medium-density housing like duplexes, triplexes, townhouses, courtyard style apartments, cottage clusters, or accessory dwelling units. These types of housing developments were largely outlawed in the post-war period in favor of single-family housing units. Recent efforts call for relegalizing missing middle housing to increase density and affordability in highly walkable, opportunistic neighborhoods.

MIDDLE INCOME HOUSING Is housing typically affordable to households earning between 80% and 120% of an area's MFI. It is not typically regulated.

MISSION-ORIENTED DEVELOPERS Refers to public or non-profit organizations working on affordable housing initiatives. These developers may sacrifice financial return for the positive social impact of providing affordable housing.

MULTIFAMILY TAX EXEMPTION (MFTE) Washington state law (RCW 84.14) allows for cities to exempt multifamily housing developments from property taxes in certain areas for a period of eight or 12 years in exchange for affordability restrictions on some of the units. This exemption reduces the costs of operating (and therefore developing) multi-family housing and helps to increase the supply of market rate and affordable housing.

NATURALLY OCCURRING AFFORDABLE HOUSING See Low Cost Market Rentals.

PREDEVELOPMENT EXPENSES The costs associated with activities prior to construction, such as planning, engineering, and architectural reports and drawings. It can also include the cost of holding a property prior to completion – the largest components being property taxes and any site remediation costs.

PROJECT BASED RENTAL ASSISTANCE The Section-8 Project Based Rental Assistance (PBRA) program is a subsidy program that provides funding to regulated affordable housing properties to reduce the rents charged to low-income households. PBRA properties are owned and operated by private landlords who have contracts with HUD. HUD can no longer fund new PBRA properties.

PROJECT BASED VOUCHERS See Housing Choice Vouchers.

PUBLIC HOUSING Public housing is owned by housing authorities, who act as the landlord and property manager. Sometimes a third-party management company operates the property, but the property is still owned and controlled by the housing authority. HUD oversees the public housing program, but local housing authorities administer it.

PUBLIC HOUSING AUTHORITY A public housing authority is an independent agency authorized to work with local, state, and federal governments to provide public housing, various forms of

vouchers, other community programs, and technical assistance. Public housing authorities are funded by HUD.

REAL ESTATE INVESTMENT (REIT) A financing vehicle that generates returns to investors by buying and operating workforce or moderately-affordable housing to generate quarterly cash flow. REITs are stand-alone companies or investment entities that own, and in most case operate, income-producing real estate. REITs generate stable, moderately-low risk real estate-investments for private equity, much like private investors invest in mutual funds. They are used broadly throughout most major development markets.

REGULATED AFFORDABLE HOUSING See Affordable Housing.

REVOLVING LOAN FUND A pool of money from which loans are issued to eligible recipients for specific uses. In the case of transit-oriented affordable housing revolving loan funds, the loans have lower interest rates and more generous terms compared to market loans. When the loans are repaid, new loans can be issued. See page 6 for a detailed description.

SECTION 8 HOUSING See Project Based Rental Assistance or Housing Choice Vouchers.

SEVERELY COST BURDENED See Cost Burdened.

SUBSIDIZED HOUSING Typically, subsidized housing is privately owned and operated. The landlord receives a public subsidy (usually from HUD or the US Department of Agriculture's Rural Development program) in exchange for renting to very low-income households. Qualified beneficiaries of subsidized housing are typically required to contribute 30 percent of their income towards rent with the remaining 70 percent of the rent paid by the subsidy. Rent on these units is formulaic and is set and adjusted by HUD annually. These payment standards try to account for the local cost of living and vary geographically. The payment standard seeks to compensate landlords to cover operations, taxes, and debt service of the subsidized units. The term "subsidized" is often used interchangeably with "affordable housing" or "regulated affordable housing," but they differ: not all regulated affordable housing properties receive rental subsidies. Tenant-based vouchers are a form of subsidy, but because they move with the tenant, they are not what one typically thinks of with the term "subsidized housing."

TENANT BASED VOUCHERS See Housing Choice Vouchers.

TRANSIT-ORIENTED DEVELOPMENT (TOD / ETOD) Development located within walking distance of high capacity or frequent transit line (e.g. within ½ mile of frequent bus stops, light rail, or rapid transit stations). ETOD stands for equitable TOD, which approaches TOD with an equity lens to ensure that all communities, particularly minority, low-income or historically marginalized communities, benefit from transit investments and transit-related development.

UNREGULATED/UNRESTRICTED AFFORDABLE HOUSING See Low Cost Market Rentals.

VOUCHERS See Housing Choice Vouchers.

WORKFORCE HOUSING Is housing typically affordable to households earning between 60% and 80% or 100% of an area's MFI. It can be regulated, but is not always.

ZONING / REZONING Regulations set out by a local government on the allowable land uses and density on a parcel of land. Landowners can apply to their local government to change the zoning of their parcel of land (whether a specific use and/or the density).

Typical Affordable Housing Development Process

The development of new, multifamily regulated affordable housing is a long and complex process. It is subject to many of the same development conditions as market-rate development, with added complexity due to lower rents requiring additional, lower-cost funding. The development process begins in predevelopment (design and feasibility, land entitlements, and funding applications) then enters construction, before beginning operations. The following are typical development phases for regulated affordable housing projects.

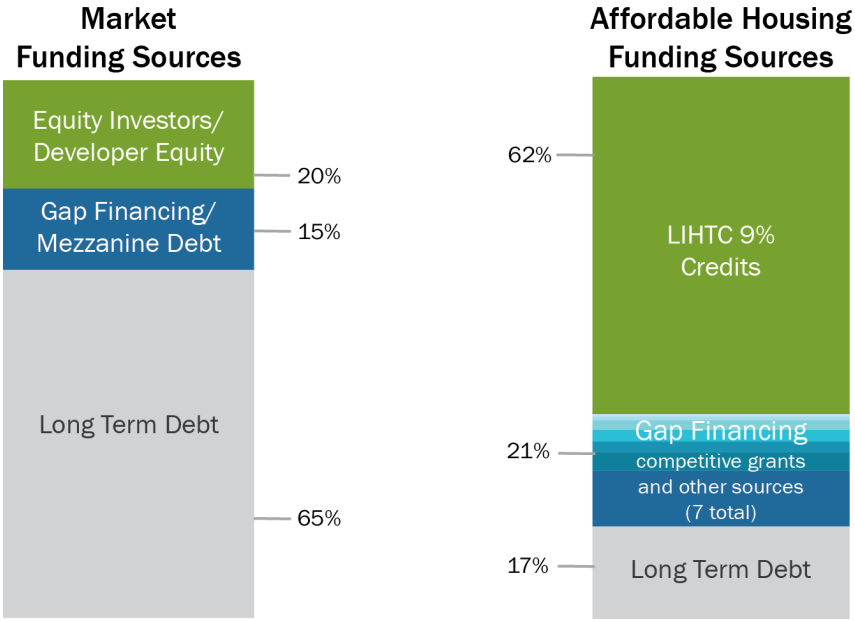
Design and Feasibility

Affordable housing developers start with an understanding of the need for less expensive housing in an area. How many units are needed at what rent level? What income levels have the biggest gaps in housing supply? What populations are struggling with housing costs the most? Just like market rate developers, affordable housing developers test the financial feasibility of what they hope to build against the local political and economic conditions. They must estimate what it will cost to build, what affordability levels the region needs, and the amount of funding available to build the project. If the project is not financially or politically feasible (i.e., cannot find adequate funding sources or does not meet a neighborhood's goals), it will struggle to get built. Considerations include: cost of land, development allowed on the land (zoning), costs of construction, rents or prices, costs of operations (for multifamily), or local opposition to the project.

How does affordable housing differ?

Both affordable housing development and market-rate development need to go through design and feasibility. Affordable housing development differs from market-rate development in this stage due to limited funding. With the goal of providing below-market rents, the financing structure (often called the "capital stack") of an affordable housing development needs to fill a gap (often called a "funding gap") between what it costs to build the property and what the property's operations can support. A market rate development will typically have investor equity and one or two types of debt financing, but an affordable housing development may also need to secure public funding, grants, operating subsidies, and low-cost or forgivable debt on top of competitive investor equity sources (see Figure 2 below). Some affordable housing developers need to secure predevelopment loans or grants as they work out the logistics of project feasibility. And sometimes, affordable housing developments are given free or reduced cost land, which aids feasibility and reduces the amount of debt needed.

Figure 2. *Typical Capital Stacks in a Market Rate and a 9% LIHTC Affordable Housing Development*
Source: ECONorthwest



Land Use Entitlements

This is the process of getting control of the site (buying land or assembling parcels) and getting the legal authority to develop (zoning and permitting, design review, neighborhood opposition, etc.). This can take months or years depending on the type of project, the required level of public review, the time it takes to obtain permits, the amount of neighborhood opposition, and many other factors. Developers typically take out pre-development loans to cover these costs, meaning that delays incur "carrying costs" (the interest that accrues on the loan each month of the process). This loan may be wrapped into or repaid by the construction loan.

How does affordable housing differ?
Both affordable housing developments and market-rate developments need to secure land use entitlements. One major way that affordable housing development differs from market-rate development in this stage, is due to neighborhood opposition. It is common for neighborhoods to object to a new affordable housing development, and some may use the slow land use entitlements process to delay or "kill" a project. Some market-rate developments may face opposition in this process, but they may also be in a better financial position to weather delays (e.g., if a market rate developer does not need a pre-development loan, delays do not incur carrying costs).

Public Funding Applications

This is a unique step required of affordable housing development that does not apply to market-rate development. Often, affordable housing developments receive public funding in exchange for renting to low-income households. With rents set below market, the property will have insufficient rent revenue to cover its operating costs and support the loans needed to pay for development. Thus, the property must apply for a range of low-cost funding, project equity,

or grants to reach feasibility and begin construction. This step adds cost, time, complexity, and uncertainty to the development process. Because public funding is limited, these application cycles are very competitive and not all projects will receive the funding to move forward. The policy goals attached to each funding amount can influence the type of housing built (e.g., housing for families or seniors) as well as the income levels served. Most often, a project needs to have site control before it can receive funding.

How does affordable housing differ?
Market-rate developments do not typically need to secure public funding for development.

Construction

Once a property has site control, entitlements, and a confirmed design concept, it can begin construction. This stage depends on the availability of labor, materials, and equipment, as well as the complexity and size of the development. The project will take out a construction loan to cover these costs, which means that delays in construction incur additional "carrying costs." The construction loan is repaid by the permanent loan, which is sized based on the net operating income of the project (rent revenues minus operating expenses).

How does affordable housing differ?
Affordable housing projects do not meaningfully differ from market-rate projects in the construction process. However, they may have simpler designs and prioritize faster construction timelines.

Operations

Once the project is built and leased, it begins operations. Rents are determined at the project feasibility stage and are very important in the project's operating phase. Feasibility and funding applications can occur several years prior to the project operating. The revenues from property rents need to be high enough to cover the cost of operating the property (including maintenance and repairs, landscaping, taxes, and numerous other fees and costs). The project's net operating income must also service the monthly debt payments on the permanent loan. Banks generally require an income "cushion" to assure that the property has enough operating income to pay its debts. This means that net operating income must be 15 percent to 20 percent higher than the debt payment. Any change in rent revenues (market softening, competition, vacancies, etc.), costs of operations (higher taxes, maintenance costs, capital repairs, etc.) can meaningfully disrupt a property's operations.

How does affordable housing differ?
Affordable housing properties operate under affordability restrictions for a specified period of time (e.g., 15-99 years), and are typically managed by mission-driven developers or non-profit organizations. In contrast, many market rate properties will sell to an institutional investor after the property stabilizes (after 5 or 8 years of operations). Another difference in affordable housing operations is that typically, affordable housing properties are required to put a portion of operating funds into reserves (both capital reserves and or operating reserves) which serve as a cushion for unexpected vacancies, disruptions to operations, or major capital repairs. These

reserves help prevent most affordable housing properties from defaulting on debt service requirements (LIHTC properties, in particular, have very low default rates). Market rate properties are not required to keep reserves. Lastly, another difference in affordable housing operations, is that often the properties may have insufficient cash flow (funds left over after paying for operating expenses and debt) to pay for any cash-flow dependent line items (e.g., the developer fee, cash-flow dependent loans, etc.) In contrast, market rate properties seek financial returns from the property, to provide steady cash flow to the owner or investor. While cash flow is not always available due to market rent fluctuations and or vacancies, the deals are structured to seek financial returns.

Housing Data Sources

A useful range of data sources can be commonly used for housing planning projects, with a particular focus on regulated affordable housing data sources. Typically, researchers face trade-offs when it comes to different data sources. Common data considerations include the geographic scale, the data relevancy (e.g., variables of interest), the data year or timeframe collected, and the reliability and reputation of the data source. In general, the more granular and comprehensive a dataset, the less frequent it is conducted (like the U.S. Census). Federal sources are typically the most reliable (in terms of low margins of error), but state and local sources might be more recent or have more useful variables to analyze.

One data issue for Burien is that because its population is below 65,000 it is not surveyed annually by the U.S. Census Bureau's American Community Survey; data is only gathered in five-year samples. In addition, the most granular data, available through the U.S. Census Bureau's Public Use Microdata Sample (PUMS), is collected at a geography (called a PUMA or a Public Use Microdata Area) that includes Burien's neighboring cities.

See Appendix A) Common Housing and Planning Data Sources on page 41 for more details about various state and local data sources, the available data, and common data considerations.

Part 2: Washington and Burien Affordable Housing Landscape

Building on Section 1, this section summarizes the relevant housing and affordable housing plans currently in effect in Burien and the region, lists common funding sources available for affordable housing development in Burien and Washington State, describes Burien's income limits, and lists the City's qualified census tracts and opportunity zones.

Numerous Affordable Housing Planning Efforts

There are numerous ongoing housing planning and affordable housing planning efforts at play in the region and the City of Burien, sponsored by various actors. While not an exhaustive list, these plans are described in Figure 3 starting with the state and region, and then narrowing in on Burien-specific plans.

Figure 3. Ongoing Affordable Housing Plans and Programs Related to the City of Burien
Source: Summarized by ECONorthwest.

Plan	Year	Geographic Scope	Organization/ Sponsor	Work/Goals Include
Growth Management Act (GMA) and Related Laws	2017 (RCW Update)	Washington State	Department of Commerce	The GMA is a series of laws established to manage urban growth in Washington State. The GMA identifies 14 goals, which provide comprehensive planning guidance to jurisdictions that are required to meet GMA goals, rules, and compliance requirements.
Central Puget Sound Housing Innovations Program (HIP)	N/A	Puget Sound Region	Puget Sound Regional Council	HIP is a toolkit that offers resources to manage regional growth and to promote housing affordability. HIP provides contextual background on a range of development types, regulatory tools, incentives, and financial tools. It also includes guidance to streamline planning processes and collaborative efforts.
Regional Affordable Housing Task Force (RAHTF) Five Year Action Plan	2018, Revised 2019	King County	King County Affordable Housing Committee (AHC)	RAHTF's 5-year Action Plan comprised seven goals (and many more strategies and actions) that aim to support regional collaboration and community engagement in efforts to construct and preserve affordable housing, prioritize affordable housing near transit, protect against displacement, and diversify housing.

Plan	Year	Geographic Scope	Organization/ Sponsor	Work/Goals Include
South King County Subregional Housing Action Framework	2020	South King County Region	Cities of Auburn, Burien, Federal Way, Kent, Renton, Tukwila	This housing action framework assesses the housing inventory, needs, and demographic and employment trends, that will effect housing needs between 2020 and 2040. It includes data analysis, public engagement, and policy recommendations on strategies the region can employ to accommodate the needed housing. The City of Burien participated in this effort.
South King Housing and Homelessness Partners (SKHHP)	2019-ongoing	South King County Region	Auburn, Burien, Covington, Des Moines, Federal Way, Kent, Normandy Park, Renton, Tukwila, and King County	SKHHP is a coalition effort, rather than a plan, but is noted for its efforts to create regional solutions to increase affordable housing options and to preserve the existing affordable housing stock in the region. The City of Burien is a member.
Burien Housing Action Plan (HAP)	2021	City of Burien	City of Burien	Burien's HAP identifies policies and actions to accommodate the city's housing needs between 2020 and 2040. The HAP addresses housing production targets, incentives to promote housing affordability and diversification of housing types, and other land-based strategies to support residential development over the planning period. The HAP incorporates feedback from public engagement efforts and is responsive to past policy outcomes.
Burien Housing Conditions Assessment	2020	City of Burien	City of Burien	Burien's Housing Conditions Assessment is an informal, windshield-survey of multifamily properties in the city.

Local Affordable Housing Funding Sources

This section descries the state and local affordable housing funding sources available to developers looking to construct affordable housing properties in the City of Burien. This section focuses solely on funding sources, not indirect financing sources that provide financial benefits to properties via reduced costs. Many of these funding sources are defined in the common definitions section on page 6.

Washington State Funding Sources

The Washington State Housing Finance Commission offers several funding programs to build multifamily affordable housing. All of these funding sources can be used in the City of Burien. Additionally, properties utilizing some of these funding sources can receive funding "boosts" if they are located in one of the geographic areas described on page 19.

- **The Low-Income Housing Tax Credit (LIHTC)** program is the largest source of funding. It has two types: the 9% tax credit program is more valuable, but limited, and is awarded competitively through annual funding applications. The 4% bond tax credit program is less valuable for project financing, but the program is not competitive. Any project that is able to make the funding program work can access the tax credits up to a certain bond cap across the state. These programs typically fund housing units that are affordable to households earning below 60% of their area median income.
- **The 80/20 Private Activity Bond** program can fund construction and development costs for affordable housing projects. The interest on the funding is tax exempt, thereby reducing total development costs and increasing project feasibility. This program typically funds housing units that are affordable to households earning below 60% of their area median income.
- **Non-Profit Housing Bonds** can assist 501(c)(3) nonprofits in financing numerous housing developments. These funds are more flexible than other types of financing programs.
- **The Land Acquisition Program** assists qualified nonprofits with purchasing land for affordable housing development.

The Washington State Department of Commerce offers three additional funding programs for developing affordable housing.

- **The Washington State Housing Trust Fund** provides loans and grants to affordable housing projects through annual competitive applications. This program typically funds housing units that are affordable to households earning below 80% of their area median income.
- **The Housing Preservation Program** provides funding for affordable housing rehabilitation, preservation, and capital improvement needs. It is only available for projects that have previously received Housing Trust Funds.
- **The HOME Program** is a federal block grant program funded through the US Department of Housing and Urban Development (HUD). This program offers funding for the preservation and development of affordable rental housing to non-profit organizations, public housing authorities, and local and tribal governments. HOME Funds typically build units that are affordable to households earning below 50% of their area median income.

Local Funding Sources[3]

1) **A property tax levy** (RCW 84.52.105) – allows jurisdictions to place an additional tax up to $0.50 per thousand dollars assessed for up to ten years. Funds must go toward financing affordable housing for households earning below 50% MFI.

2) **A sales tax levy** (RCW 82.14.530) – allows jurisdictions to place a sales tax up to 0.1 percent. At least 60 percent of funds must go toward constructing affordable housing, mental/behavioral health-related facilities, or funding the operations and maintenance costs of affordable housing and facilities where housing-related programs are provided. At least 40 percent of funds must go toward mental / behavioral health treatment programs and services or housing-related services.

3) **A real estate excise tax (REET)** (RCW 82.46.035) – allows a portion of city REET funds to be used for affordable housing projects and the planning, acquisition, rehabilitation, repair, replacement, construction, or improvement of facilities for people experiencing homelessness. These projects must be listed in city's the capital facilities plan.

4) **County Community Development Block Grants (CDBG)** – King County receives funding from the U.S. Department of Housing and Urban Development (HUD) for these two grant programs. CDBG funds can be used in a variety of ways, including as gap funding for affordable housing development.

Burien's Affordable Housing Income Limits

See footnote 1 on page 6 for a note about the HUD's Median Family Income (MFI) and the term Area Median Income (AMI). We use MFI and AMI interchangeably throughout this report.

HUD Median Family Income

Each year, HUD calculates affordability and income limits for metro areas and counties across the country, based on the area's Median Family Income (MFI) which comes from Census data.[4] The City of Burien falls within the Seattle-Bellevue, WA Metro Area and is subject to the same income and affordability limits as the rest of the cities in this metro area (which includes King County and Snohomish County). Properties developed in Burien will use the same affordability limit as properties in Bellevue, because both cities are part of the same HUD metro area.

[3] We are not including non-financial funding sources, like density bonuses or impact fee waivers, that indirectly provide funding by reducing costs. These incentive programs typically work through the land use or zoning code to reduce the costs of development thereby providing indirect financial benefits to affordable housing development.

[4] For the Seattle-Bellevue, WA HUD Metro FMR Area, HUD has deviated from its typical use of Office of Management and Budget (OMB) area definitions. In this case, the Seattle-Bellevue, WA HUD Metro FMR Area income limit program parameters include King County and Snohomish County.

In 2018, the Seattle-Bellevue, WA HUD Metro Area Median Family Income (MFI) was $103,400 for a family of four. HUD adjusts the income limits up or down based on family size and provides income limits for 30% of MFI, 50% of MFI, and 80% of MFI (see Figure 4 below).

Figure 4. HUD 2018 Income Limits for Seattle-Bellevue, WA HUD Metro FMR Area
Source: HUD (see https://www.huduser.gov/portal/datasets/il.html and select the year and metro area from the list).

Afford-ability Level	Family Size (Number of People)							
	1	2	3	4	5	6	7	8
30%	$22,500	$25,700	$28,900	$32,100	$34,700	$37,250	$39,850	$42,400
50%	$37,450	$42,800	$48,150	$53,500	$57,800	$62,100	$66,350	$70,650
80%	$56,200	$64,200	$72,250	$80,250	$86,700	$93,100	$99,550	$105,950
100%				$103,400				

Additional income limits (such as 60% or 120%) can be scaled off the 100% income limit to get an approximation of other affordability thresholds. However, these approximations—and HUD's official limits—may not be exact scalars to the 100% median income (in Figure 4 the official 50% income limit for a family of four is slightly higher than half of the 100% income limit).

Median Household Income

Because the Seattle-Bellevue, WA HUD Metro FMR Area is so large, it does not account for differences *within* the geography. As noted, a property with a 50% income limit in Burien would have the same rents as one in Bellevue, despite underlying differences in the incomes of these cities individually. To capture a more localized consideration of median income, we calculated Burien's median *household* income (MHI) using Census PUMS data. In 2018, Burien's median household income was $62,315, lower than the $71,442 estimated for the South King County subregion, the estimate of $112,283 for the City of Bellevue, and the estimate of $88,868 for King County as a whole.

It is important to note that this MHI is not directly comparable to HUD's MFI. HUD's MFI calculation relies on underlying Census data related to family incomes, and the 100% median is set for families of four. This MHI is for all households – not just families – and households can have a wide range of compositions (e.g., roommates) compared to families. In the City of Burien, the median household only has 2.7 people. An area's MHI is typically lower than its MFI.

While MHI does not directly compare to MFI, the fact that Burien's MHI is lower than other cities in the region, but that affordable properties in Burien use region-wide MFI limits, means that households and families in Burien may have a harder time finding housing that is affordable within their income ranges (costing less than 30 percent of gross monthly income).

Burien Affordable Housing Geographies

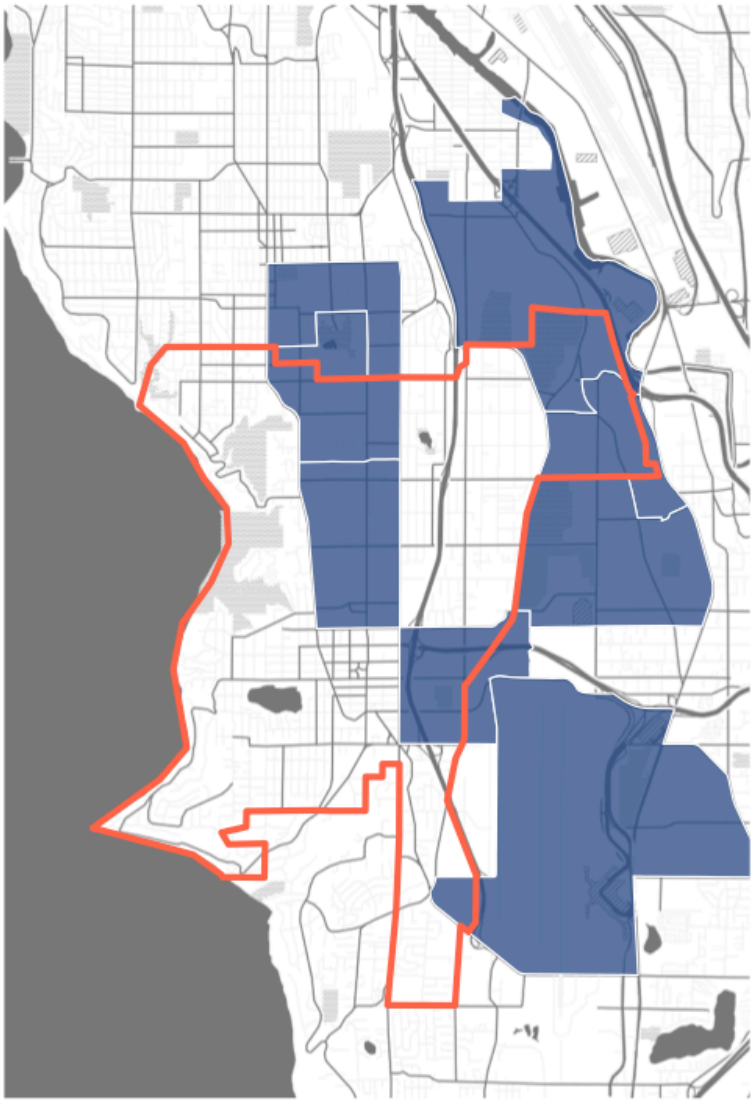
As described in Part 1, developing a regulated affordable housing property can be a complex and difficult process. Different funding sources may have different priorities, and the costs of land and development can be prohibitive. To help alleviate some of these difficulties, the federal

government has designated certain geographic areas to receive higher priority and / or more funding for regulated affordable housing development. These include Qualified Census Tracts, Difficult to Develop Areas, and Opportunity Zones, each described below.

Qualified Census Tracts[5]

HUD defines a Qualified Census Tract (QCT) as a Census Tract with "50 percent of households with incomes below 60 percent of the Area Median Gross Income (AMGI)" or one where the poverty rate exceeds 25 percent. Affordable housing developments in QCTs that apply for LIHTC funding receive a boost in the amount of tax credits they can receive. There are six QCTs that overlap with Burien city limits, as shown in the map below.

Figure 5. Qualified Census Tracts in Burien
Source: HUD



[5] HUD. 2020. "Qualified Census Tracts and Difficult Development Areas." https://www.huduser.gov/portal/datasets/qct.html

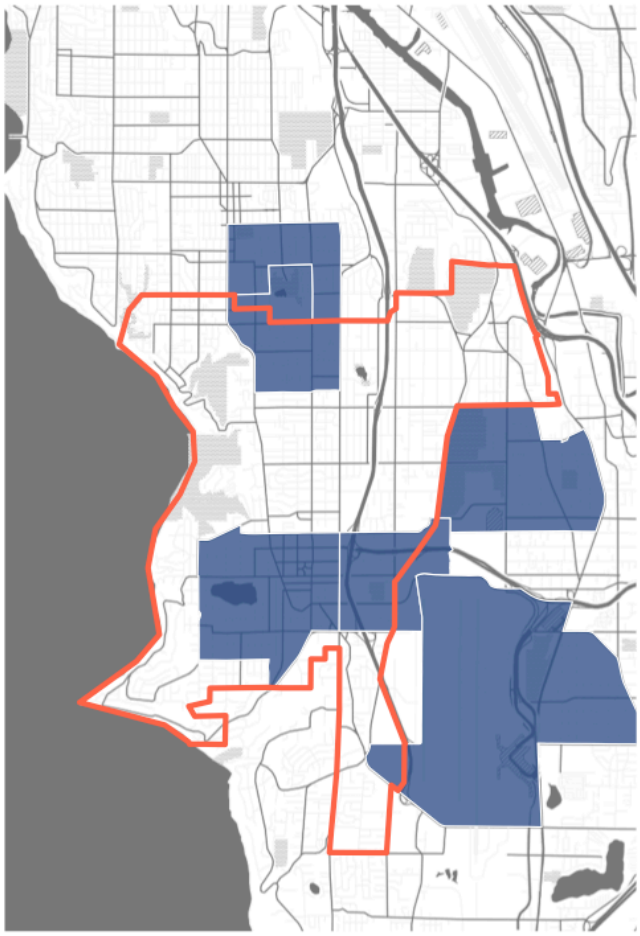
Difficult Development Areas[6]

HUD defines a Difficult Development Areas (DDA) as "areas with high land, construction and utility costs relative to the area median income" and uses HUD Fair Market Rents, income limits, 2010 census, and 5-year American Community Survey (ACS) data as determinants. Burien does not have any DDAs within city limits.

Opportunity Zones[7]

In addition, the 2017 federal Tax Cuts and Jobs Act created the Opportunity Zone program which is designed to incentivize investment in low-income communities by providing tax benefits. Opportunity Zones are Census Tracts where the poverty rate exceeds 20 percent. While there are no specific funding boosts for affordable housing projects developed in Opportunity Zones, the tax incentives make other types of multifamily development more feasible. There are four Opportunity Zone Tracts that overlap with Burien city limits, as shown in the map below.

Figure 6. Qualified Opportunity Zones in Burien
Source: U.S. Department of the Treasury



[6] Ibid.

[7] Washington State Department of Commerce. 2020. "Opportunity Zones-An Incentive to Invest in Lower-Income Areas." https://www.commerce.wa.gov/growing-the-economy/opportunity-zones/

Part 3: Refined Housing Needs Analysis

This section summarizes housing and socio-economic data for Burien based on work conducted for the South King County Subregional Housing Action Plan.

Current Housing Inventory

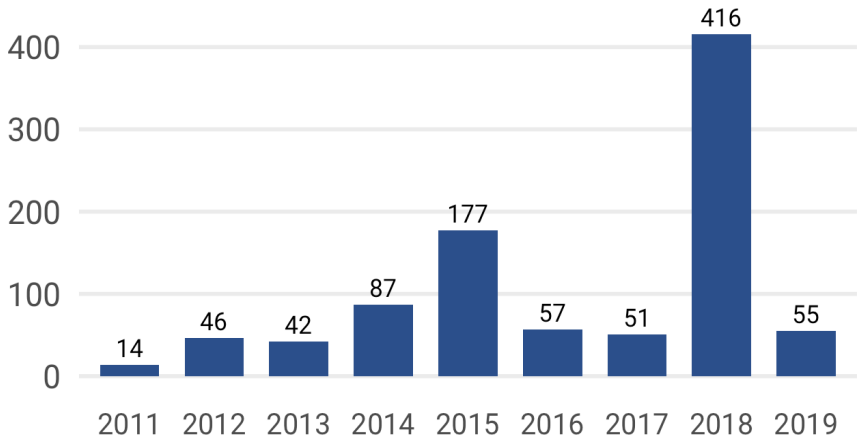
As of 2018, Burien had 20,793 housing units (OFM, 2019). About 67 percent of Burien's housing stock was built in 1969 or before (King County Assessor, 2020) and about 60 percent of Burien's housing stock is single-family detached.[8] In addition to these housing characteristics, housing tenure is relatively split – about 47 percent of occupied units are inhabited by renters and 53 percent of occupied units are inhabited by homeowners (ACS, 2014-2018).

Burien has less than 1,000 units of regulated affordable housing for households earning less than 60% of AMI/MFI (see more details on page 26).[9] Given the limited supply of these units, Burien's population at this income level must compete for lower cost / lower amenity market rate housing. A household earning 60% of Burien's AMI (about $62,315) can afford a monthly rent of about $900 without cost-burdening themselves. However, per 2014-2018 ACS data, only 21 percent of Burien's rentals were priced below $900 per month. This memorandum discusses housing affordability in greater detail in an upcoming subsection.

Burien received 945 new dwelling units between 2011 and 2019, averaging 105 new units build per year.

In this time, 9.3 new housing units were produced for every 10 new households. This was too little housing production to keep up with growing demand for housing.

Figure 7. Number of Units Built Per Year, Burien 2011-2019
Source: OFM, 2019.



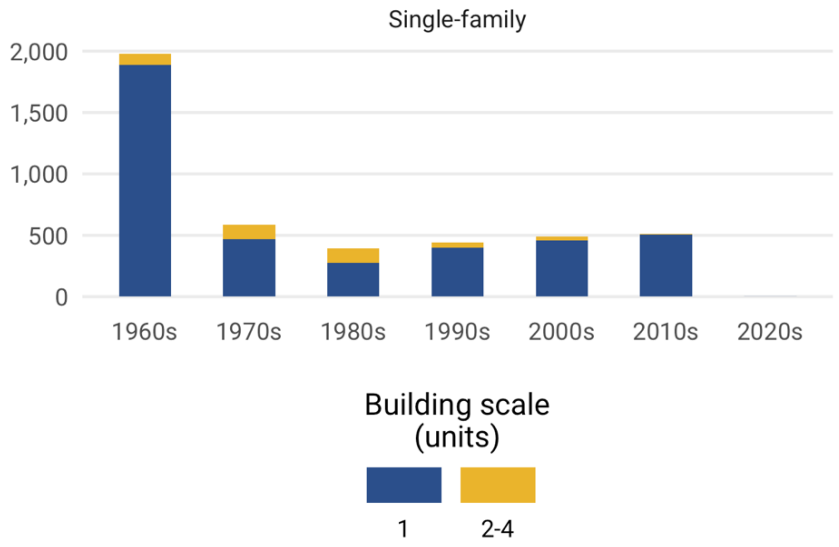
[8] Per the ACS (5-year 2014-2018), Burien's housing stock was: 60 percent single-family detached (includes manufactured housing); 2 percent single-family attached; 6 percent duplex, triplex, and quadplex; and 32 percent multifamily (with 5+ units).

[9] We used AMI and MFI interchangeably in this report. This section uses AMI.

The majority of Burien's single-family housing stock was built prior to the 1960s.

The majority of middle housing (duplexes, triplexes and quad-plex type housing) was built before 1990.

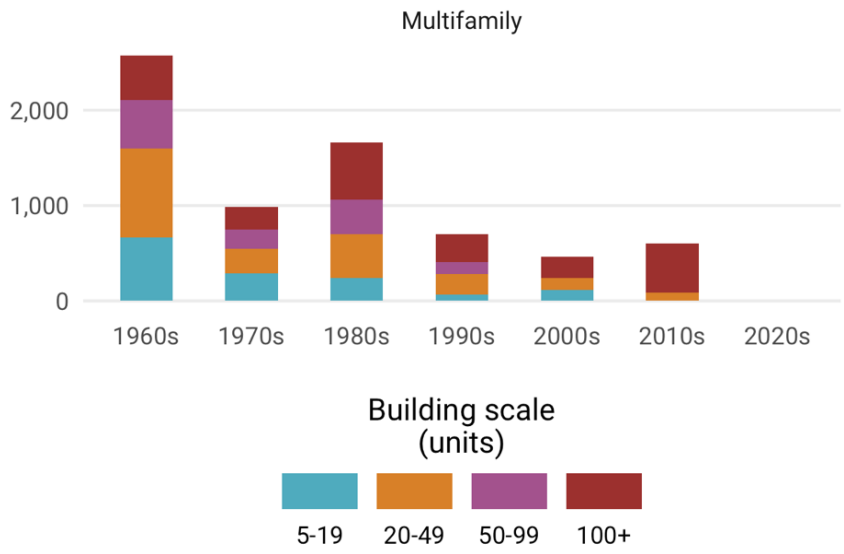
Figure 8. Scale of Single-Family Housing Built, Burien, 1960-2020
Source: King County Assessor's Office, 2020.



Burien saw an increase in larger multifamily housing development in the 1980s and 2010s. Much of this housing remains in the inventory today.

The majority of medium density multi-family housing (between 5 and 50 units) was built before 1990.

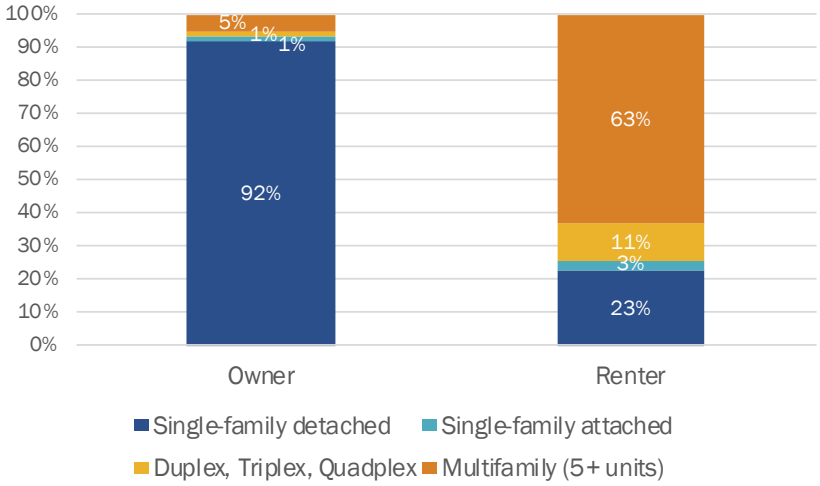
Figure 9. Scale of Multifamily Housing Built, Burien, 1960-2020
Source: King County Assessor's Office, 2020.



In the 2014-2018 period, majority of Burien's homeowners (92 percent) occupied single-family detached housing.

In this same time, nearly two thirds of Burien's renters occupied multifamily housing (with five or more units per structure) and less than a quarter of renters occupied single-family detached housing.

Figure 10. Occupied Housing by Tenure, Burien, 2014-2018
Source: ACS (5 year 2014-2018).



Despite a similar inventory by bedroom size, Burien's quality of housing skews lower than that of the region. About 50 percent of Burien's housing is rated 2-star by CoStar.[10] Burien does not have any 5-star rated properties.

Figure 11. Share of CoStar Inventory[11] by CoStar "star rating" in Burien, South King County, and King County
Source: CoStar
Note: n signifies number of properties in each geography's sample.



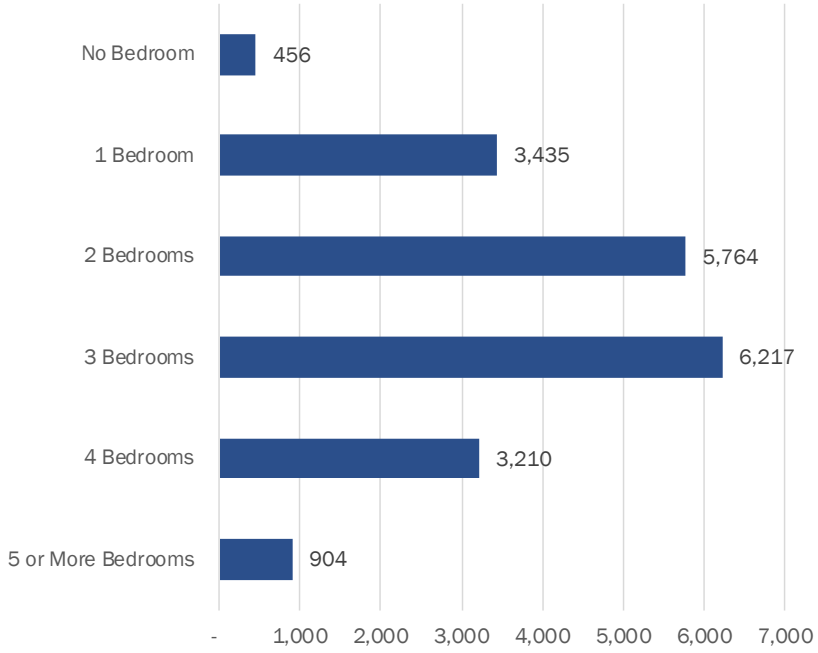
[10] CoStar ratings consider design, amenities, certification, and landscaping, among other factors and are assessed by CoStar. A 5-Star building represents the luxury end of multi-family buildings defined by finishes, amenities, the overall interior/exterior design and the highest level of specifications for its style (garden, low-rise, mid-rise, or high-rise). 4-Star buildings are constructed with higher end finishes and specifications, providing desirable amenities to residents and designed/built to competitive and contemporary standards. 3-Star buildings are likely smaller and older with less energy-efficient and controllable systems, have average quality finishes and or a layout conducive to compact lifestyle, and have a few on-site shared facilities and spaces. 2-Star buildings have small, adequate windows, average aesthetics, purely functional systems, and below-average finishes and use of space, with only one or no on-site shared facilities. 1-star buildings are practically uncompetitive with respect to typical multi-family investors, may require significant renovation, possibly functionally obsolete

[11] See commentary on CoStar real estate data in Figure 35 beginning on page 15.

Nearly one-third (31 percent) of all housing units in Burien have 3 bedrooms, the largest share of all bedroom sizes.

Two-bedroom households make up the next largest share of city's total housing stock (29 percent), followed by 1-bedroom units (17 percent), and then 4 bedroom units (16 percent).

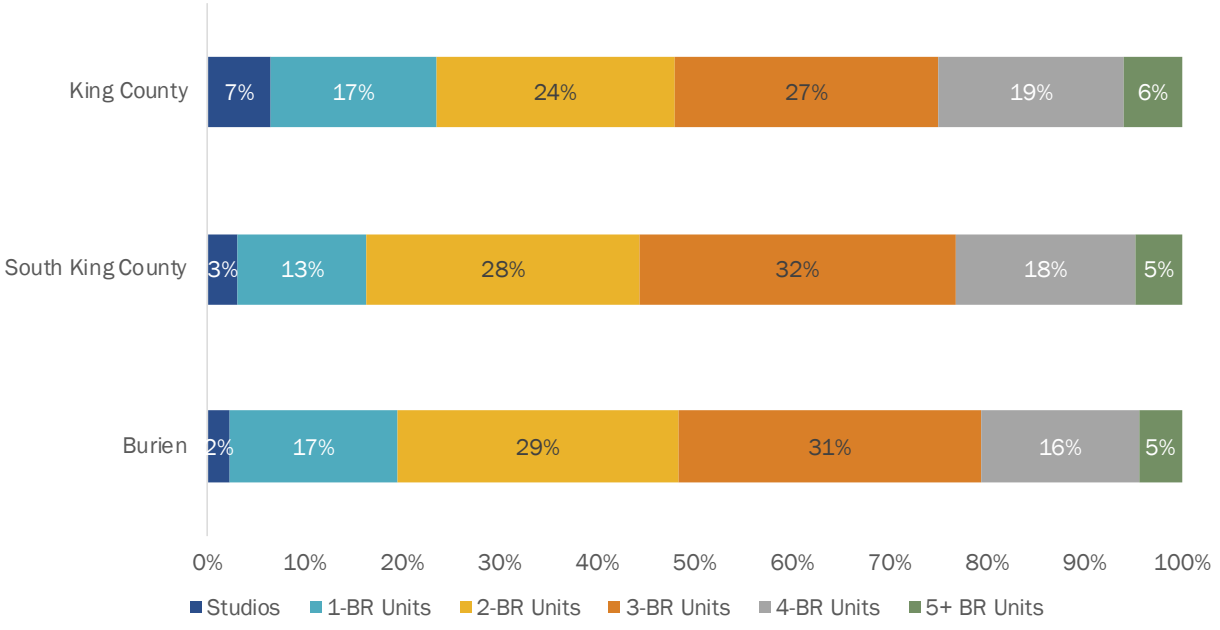
Figure 12. Housing Units by Bedroom Size, Burien
Source: ACS (5-year 2014-2018)



Burien's inventory of housing by number of bedrooms mirrors that of the South King County region, but skews larger than King County as a whole.

Almost two thirds of Burien's housing units have 2 or 3 bedrooms.

Figure 13. Share of Housing Units by Bedroom Size, Burien, South King County, and King County
Source: ECONorthwest analysis of U.S. Census Bureau PUMS 2018 1-year survey data



Special Needs Housing

Until the 2020 data are released, the 2010 Census provides the most recent available data for describing residents that live in group homes or residential treatment centers. In that year, 47 Burien residents lived in group homes intended for adults, and six adult residents lived in residential treatment centers (Census, 2010). According to the Census Bureau, group homes are "community-based group living arrangements in residential settings that are able to accommodate three or more clients of a service provider."[12] These homes provide services to clients such as behavioral or social programs, in addition to room and board. Residential treatment centers differ from group homes in that they are staffed 24-hours per day and help treat residents for ailments such as drug or alcohol abuse, or behavioral disorders.[13]

Regulated Affordable Housing

As of June 2020, 13 affordable housing properties were operational in Burien providing 996 dwelling units to residents, for an average of 77 units per property (2020 data from City of Burien, King County Housing Authority, Washington State Housing Finance Commission, and HUD). The majority of this housing (eight properties and 619 units), are owned by the King County Housing Authority. The majority of these units are 1-bedroom (79 percent, 678 units) followed by 2-bedroom (20 percent, 169 units), with a small share of units having 3-bedrooms (one percent, or 10 units).

Burien's affordable housing rentals account for just over 15 percent of the City's total apartment units, which is lower than neighboring cities: Tukwila's affordable housing stock accounts for 35 percent of all its apartments, Auburn's affordable housing stock accounts for 24 percent of all its apartments, and Kent's affordable housing stock accounts for almost 22 percent of its apartment total.

Community Demographics

Between 2010 and 2018, Burien's population grew 56 percent, from 33,313 people to 52,000 (OFM, 2019). In this time, Burien added 18,687 new residents, at an average annual growth rate of 2.4 percent.

Household Characteristics

Burien's average household size is 2.67 persons per household for renters and 2.72 persons per household for homeowners.

[12] U.S. Census Bureau. Definition of Group Homes Intended for Adults (pg. 7). *2010 American Community Survey/Puerto Rico Community Survey Group Quarters Definitions*. https://www2.census.gov/programs-surveys/acs/tech_docs/group_definitions/2010GQ_Definitions.pdf

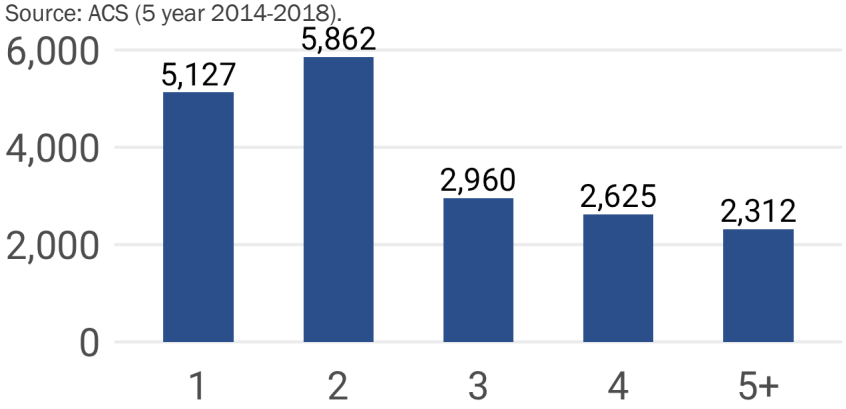
[13] U.S. Census Bureau. Definition of Residential Treatment Centers for Adults (pg. 7). *2010 American Community Survey/Puerto Rico Community Survey Group Quarters Definitions*.

More than half (58 percent) of Burien's households were one- and two-person households.

About 26 percent of Burien's households were comparatively large, with four or more persons per household.

Between 2010 and 2019, Burien added 6,921 new households (OFM, 2019; ACS, 2014-2018).

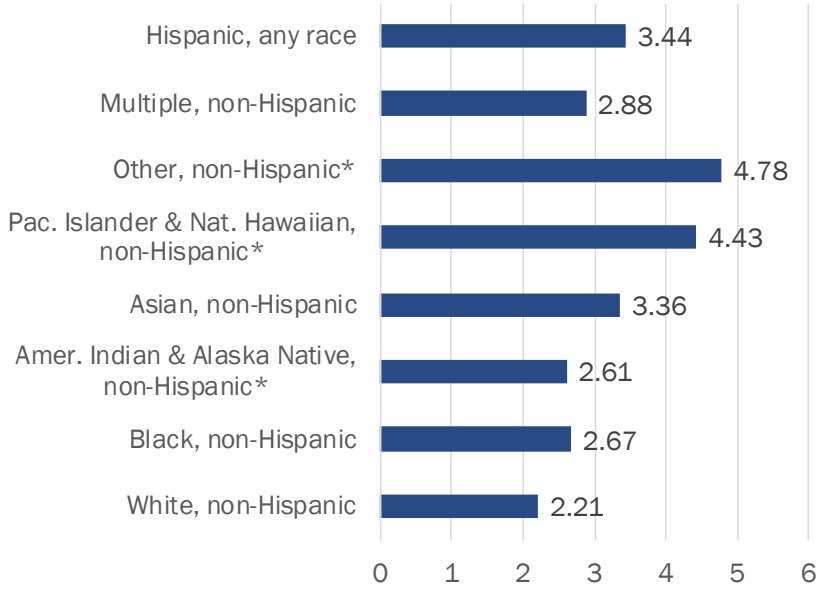
Figure 14. Household Size, Burien, 2014-2018
Source: ACS (5 year 2014-2018).



Just like national trends, Burien's household size varies by race and ethnicity.

In general, non-Hispanic White households have the fewest people.

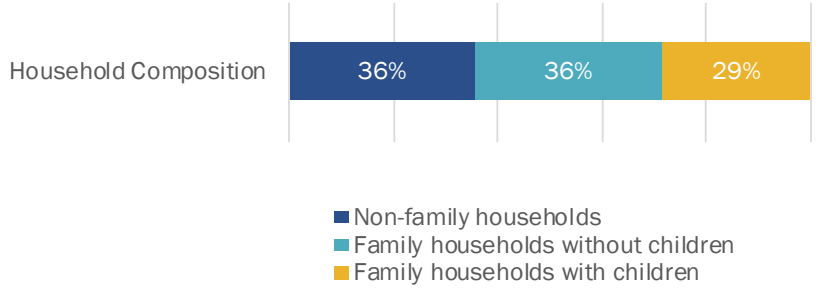
Figure 15. Household Size by Race and Ethnicity, Burien, 2014-2018
Source: ACS (5 year 2014-2018)
Note: Statistics with an * have a high margin of error



Nearly two-thirds of Burien's households are composed of family households.

The remainder of Burien's households are non-family households (comprising roommates and one-person households).

Figure 16. Household Composition, Burien, 2014-2018
Source: ACS (5 year 2014-2018).



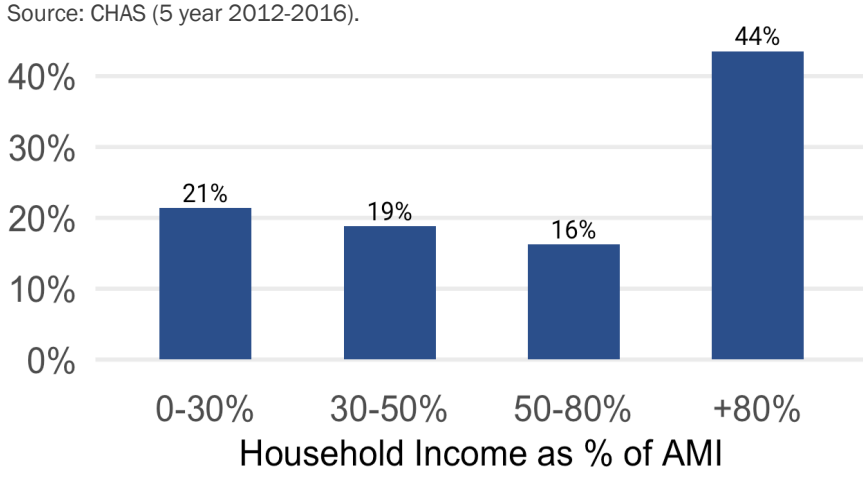
Income Characteristics

Income is one of the key determinants in housing choice and households' ability to afford housing. While the majority of households in Burien, 44 percent, earn more than 80% AMI in annual income, 40 percent of households earn less than 50% AMI. Compared to both King County and cities in South King County, Burien has the highest share of households, 21 percent, in the 0-30% AMI category whereas King County has a higher share of households in the above 100% AMI category and South King County has a higher share of households in the 50-80% AMI category (see Figure 34). Additionally, renter households represent the highest share of households below 50% AMI with nearly 60 percent of all renter households in this income category. Nearly 70 percent of owner households earn more than 80% AMI.

Households of multiple races and those identifying as Black or African American have the lowest incomes in Burien: earning $41,500 per year on average. On average, Latinx households earns about $47,000 annually while the average white household earns $69,000 per year.

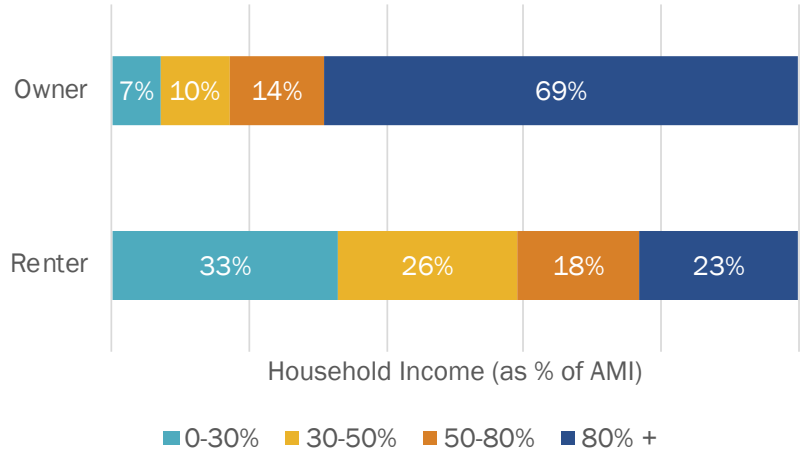
In the 2012-2016 period, about 40 percent of Burien's households earn 50% of AMI or less.

Figure 17. Income Distribution by AMI, Burien, 2012-2016
Source: CHAS (5 year 2012-2016).



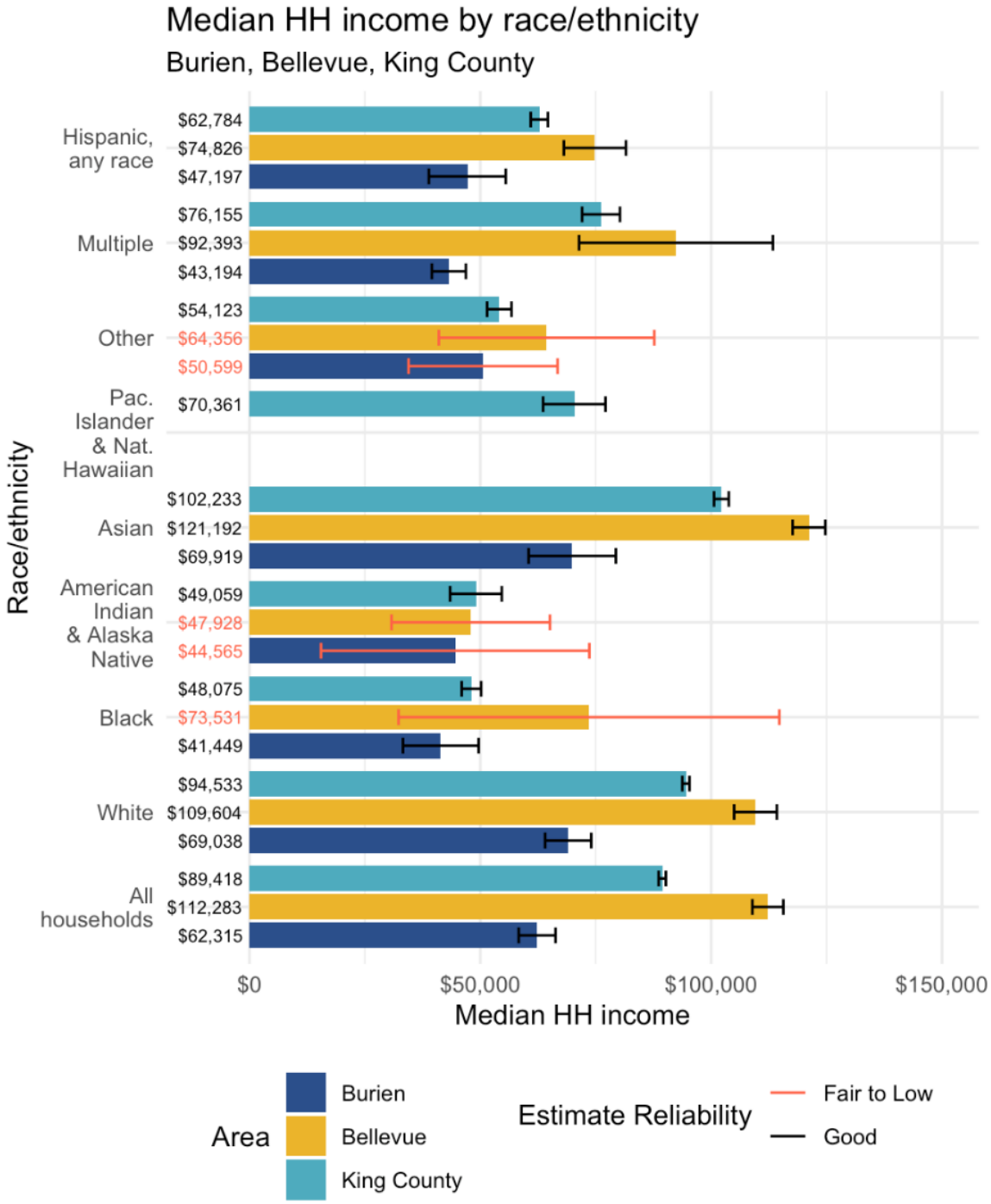
Burien's income distribution by tenure, shows that in the 2012-2016 period, a majority of owners (69 percent) earned 80% of AMI or more, while a majority of renters (77 percent) earned 80% of AMI or less.

Figure 18. Income Distribution by AMI and Tenure, Burien, 2012-2016
Source: Source: CHAS (5 year 2012-2016).



Household incomes vary meaningfully by race and ethnicity, and across all races/ethnicities, household incomes in Burien are lower than that of Bellevue and King County as a whole.
In Burien, households of multiple races and those identifying as Black or African American have the lowest incomes, while White and Asian households have the highest median incomes.

Figure 19. Median Household Income by Race and Ethnicity for Burien, Bellevue and all of King County
Source: ACS (5 year 2014-2018).
Note: Insufficient data for Burien and Bellevue households identifying as Native Hawaiian or Other Pacific Islander.



Racial and Ethnic Diversity

This section looks at ethnicity and race characteristics of Burien's population. The US Census Bureau considers race and ethnicity as two distinct concepts. The Census applies two categories for ethnicity, which are Hispanic or Latino and Not Hispanic or Latino. Hispanic/Latino is an ethnicity and not a race, meaning individuals who identify as Latinx may be of any race. The share of the population that identifies as Latinx should not be added to percentages for racial categories. Since 2010, Burien has become increasingly diverse. While all race and ethnicity categories increased in total share of population between 2010 and 2018, the share of residents who are Black, Indigenous, and Persons of Color (BIPOC) increased at a rate faster than white households in this time period (see Figure 22).

A quarter of Burien's population identified as Hispanic/Latino in the 2014-2018 period.

Figure 20. Share of Population Identifying as Hispanic or Latino, Burien, 2014-2018
Source: ACS (5 year 2014-2018).

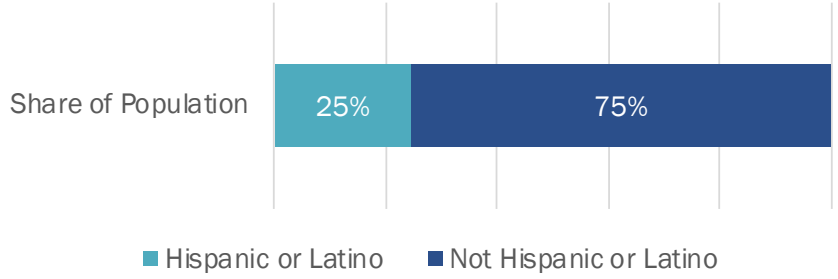
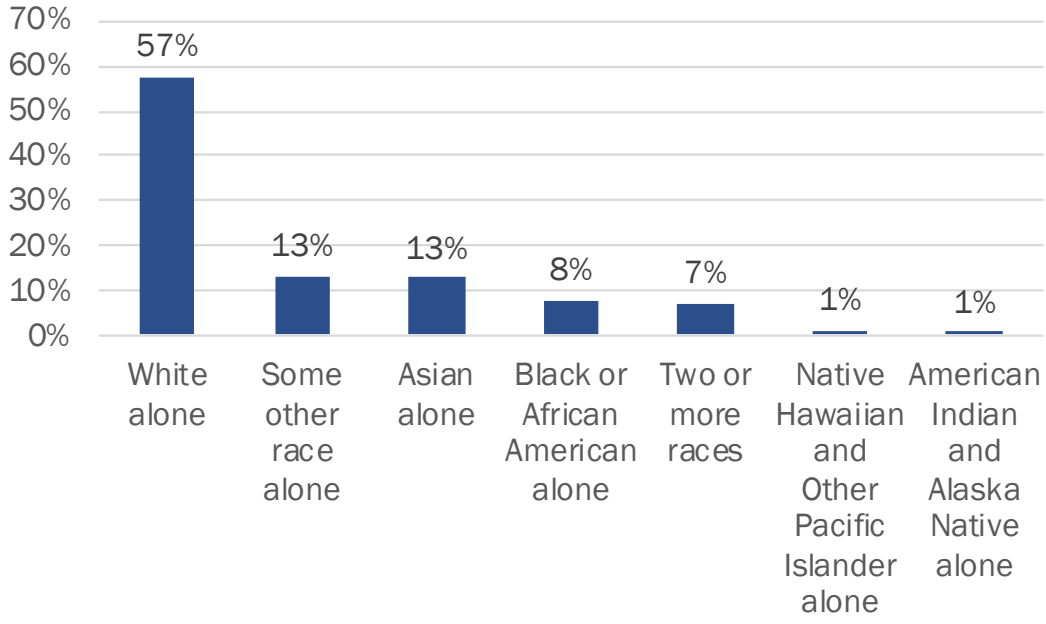


Figure 21. Population Distribution by Race, Burien, 2014-2018
Source: ACS (5 year 2014-2018).

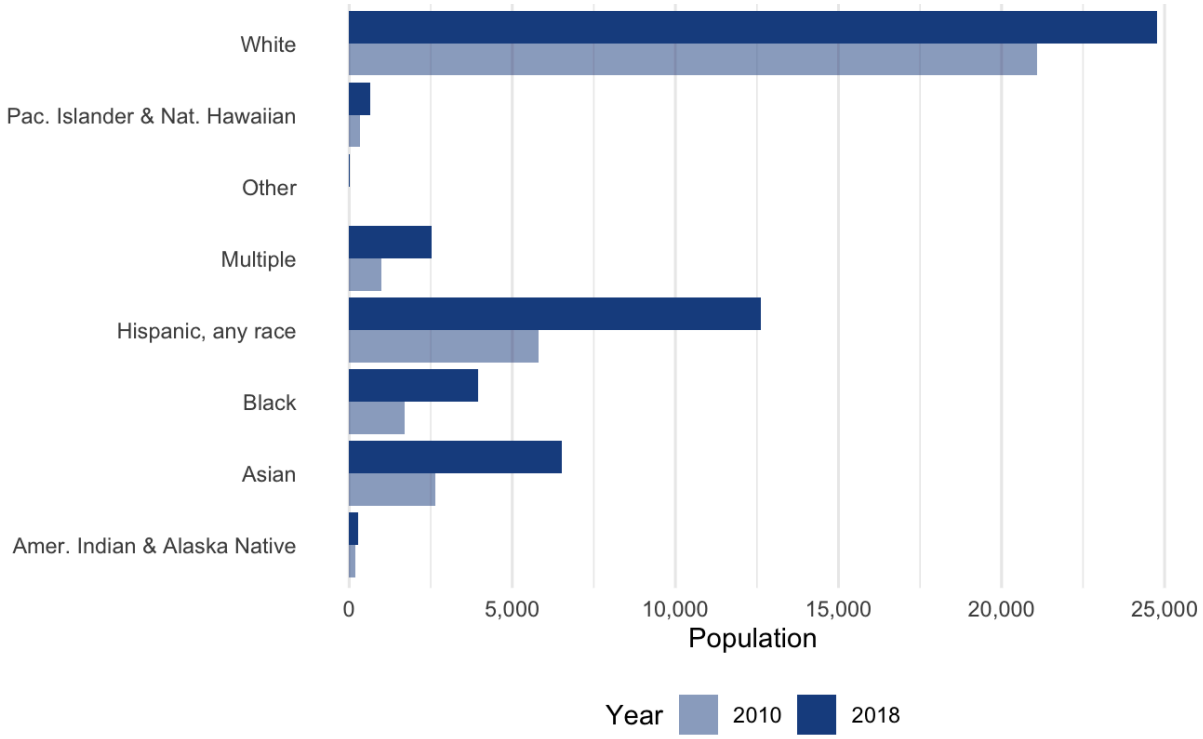


Nearly 60 percent of Burien's population identified as white alone.

The majority of households in Burien identify as white, but the city's demographics have changed since 2010.

Burien's population of Asian households increased 146 percent from 2010 to 2018, while the number of Black households increased 132 percent, and the number of households identifying as Native Hawaiian or Other Pacific Islander increased more than 96 percent in that time frame.

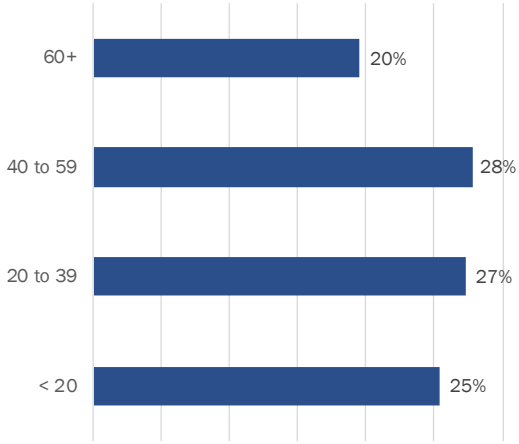
Figure 22. Burien's Population by Race and Ethnicity, 2010 and 2018
Source: 2018 and 2010 ACS 5-year Survey



Population by Age

A little over half (55 percent) of Burien's population is between the ages of 20 and 59. Residents 60 and older make up the smallest share of the city's total population (20 percent).

Figure 23. Share of Population by Age Group, Burien, 2014-2018
Source: ACS (5 year 2014-2018).



Employment and Transportation

Based on data from PSRC, Burien's total employment grew from 11,474 jobs in 2008 to 12,325 jobs in 2018, an increase of 851 jobs (or 7 percent change). In 2018, the top four largest industries, in terms of total employment, were: (1) Health Care and Social Services with 3,477 employees, (2) Retail Trade with 2,085 employees, (3) Accommodations and Food Services with 1,439 employees, and (4) Education Services with 1,398 employees. Combined, these industries represent 68 percent of Burien's total employment base.

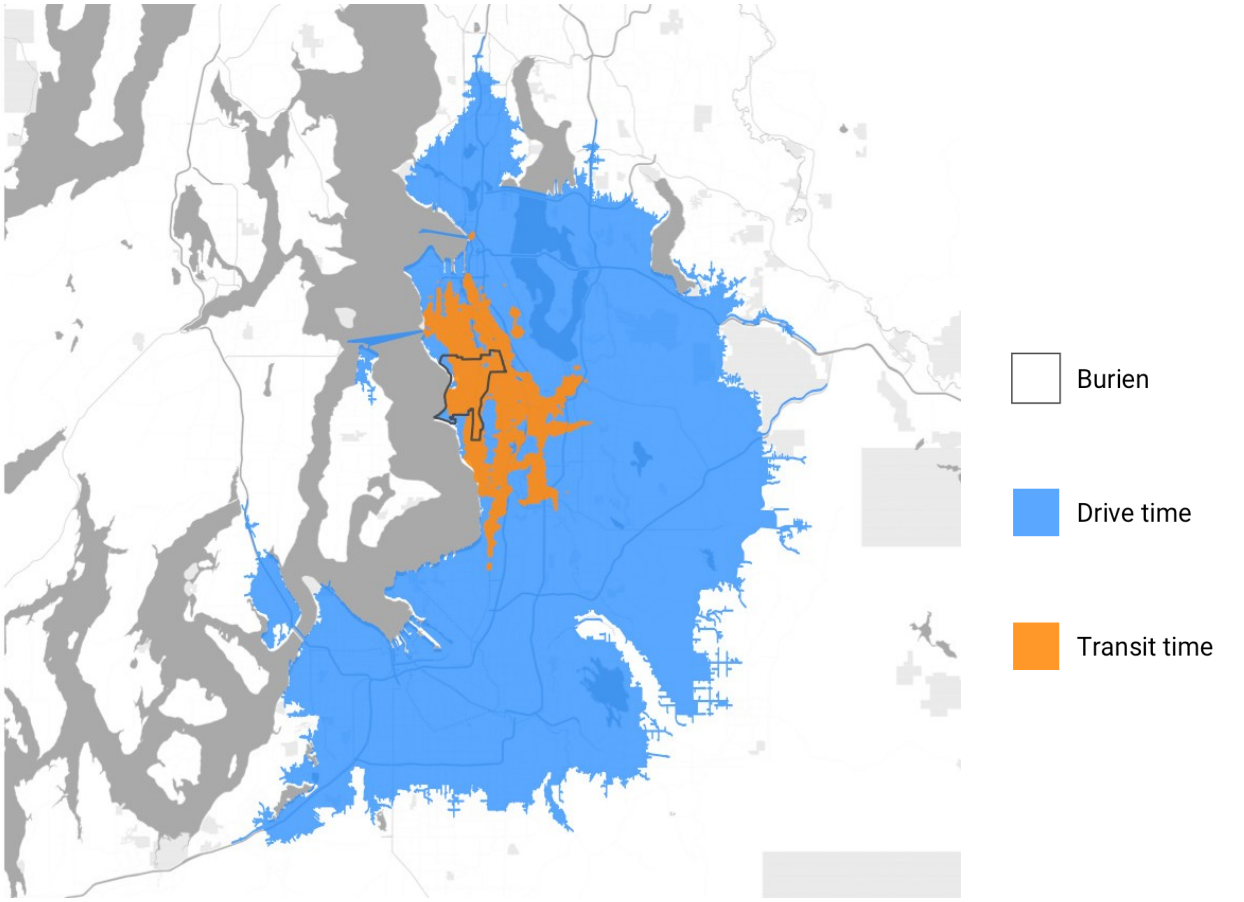
Between 2008 and 2018, several industries lost employees. The four industries that lost the greatest share of employment were: (1) Construction with -53 percent decline, (2) manufacturing with a -43 percent decline, (3) Wholesale Trade with a -25 percent decline, and (4) Other Services with a -15 percent decline. Combined, these industries represent a loss of 522 employees.

Job losses in each of the above-mentioned industries, and job gains in new industries, signify a shift in Burien's employment profile. For example, the five industries which gained the greatest share of employment were: (1) Transportation and Warehousing with a 641 percent increase, (2) Information with a 567 percent increase, (3) Administrative and Waste Management with a 75 percent increase, (4) Accommodations and Food Services with a 25 percent increase, and (5) Educational Services with a 21 percent increase. Combined, these industries represent a gain of 1,354 employees.

Median salaries in 2018 also varied by industry. At opposite ends of the wage spectrum are the Accommodations and Food Services industry (average wage: $27,559 per year) and the Professional, Scientific, and Technical Services industry (average wage: $83,565 per year).

Figure 24 presents a travel shed map showing access to employment within a 45-minute drive and 45-minute transit trip.

Figure 24. Travel Shed, Access to Employment
Source: PSRC and ECONorthwest.

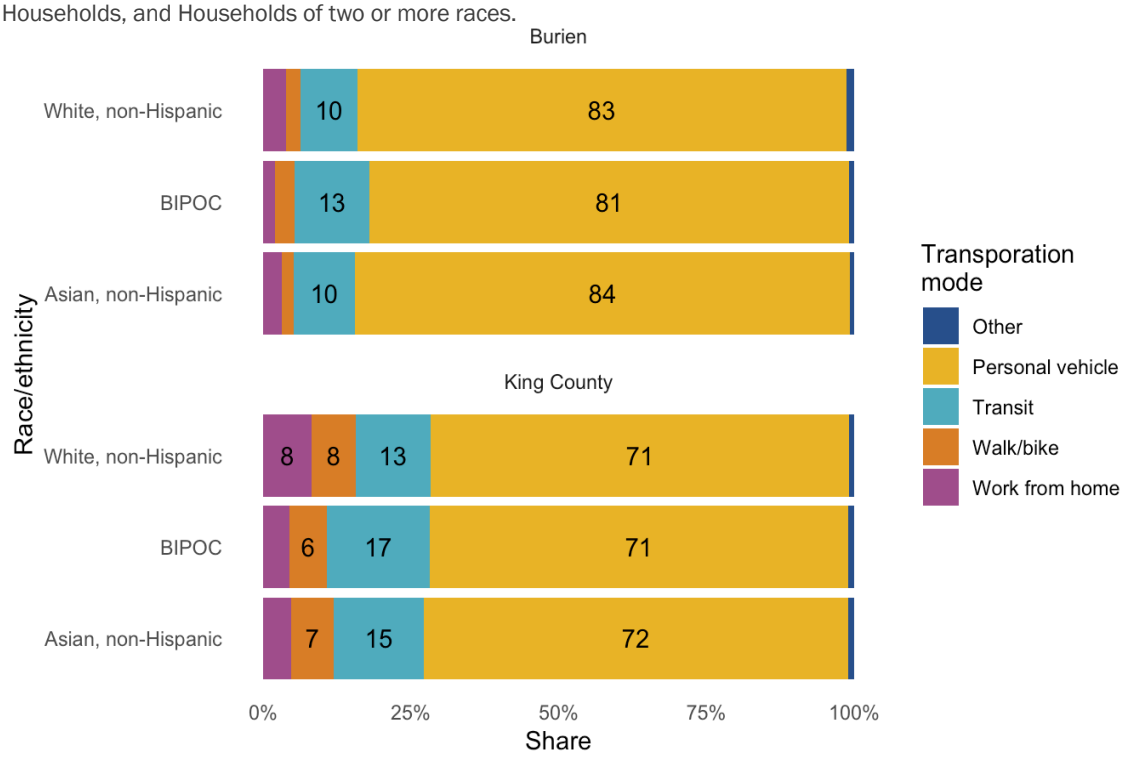


As Figure 25 shows, not all households in Burien have the same access to transportation. Using Census PUMS data, households of color (non-White, non-Asian, non-Hispanic households) rely on public transportation more than do non-Hispanic White households and non-Hispanic Asian households.

Figure 25. Commute Mode by Major Race and Ethnicity Groups,[14] Burien PUMA and Rest of King County

Source: ACS (5 year 2014-2018)

Note: BIPOC includes Black, Indigenous, and Persons of Color and includes the following races of any ethnicity: Black or African American Households, American Indian or Alaskan Native Households, Native Hawaiian or Other Pacific Islander Households, and Households of two or more races.



In addition, the number of vehicles and commuters per household varies by detailed race/ethnicity groups. Given that these two variables are commonly linked to travel behavior (and thereby travel costs) in travel demand modeling, calculating them for the City of Burien can provide greater insight into possible transportation access and cost burdening.

Figure 26. Average Number of Vehicles and Commuters per Household, by Race and Ethnicity of Householder, Burien area PUMA

Source: ACS (5 year 2014-2018).

Note: * indicates this statistic has a relatively high margin of error

Race and Ethnicity Group	Mean # of vehicles	Mean # of commuters
White, non-Hispanic	1.86	1.16
Black, non-Hispanic	1.47	1.22
Amer. Indian & Alaska Native, non-Hispanic	1.34*	1.12
Asian, non-Hispanic	2.13	1.21
Pac. Islander & Nat. Hawaiian, non-Hispanic	1.54*	1.23
Other, non-Hispanic	2.34*	1.00
Multiple, non-Hispanic	1.78	1.26
Hispanic, any race	1.93	1.18

[14] Due to the large number of possible commute modes, simply cross-tabbing by race/ethnicity and commute modes would introduce significant statistical uncertainty to the results. To avoid this, we can group racial categories into the major groups (White, non-Hispanic; Asian, non-Hispanic; and all other POC) and travel modes into five main types.

Housing Affordability

Burien has the second highest home prices in the South King County subregion, just below Renton. Burien's average 2-bedroom rents increased 45 percent, while median sales prices increased 101 percent between 2013 and 2020 (see Figure 27).

Figure 28 presents data on Burien's naturally occurring affordable housing (NOAH) units (rental units). It shows that Burien has comparatively few NOAH units that can accommodate larger household sizes. In addition, affordable homeownership options are very limited in Burien with fewer than 900 units affordable to households earning less than 50% of AMI.

Between 2013 and 2020, the average monthly rent in Burien increased by 45 percent ($445 per month). In this same time, median sale price for a home increased by 101 percent ($236,850).

Figure 27. Housing Costs, Burien, 2013 and 2020
Source: Costar and Zillow.

	2013	2020
Average Rent	$999	$1,444
Median Sales Price	$233,450	$470,300

Of Burien's 3,452 naturally occurring affordable housing (NOAH) units (rental units), 20 percent are affordable to households earning 50% of AMI or less and 80 percent are affordable to households earning between 50-80% of AMI.

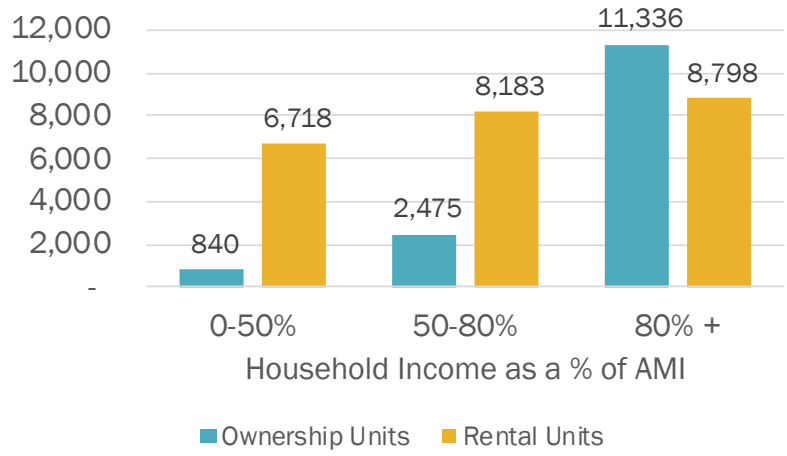
Figure 28. Naturally Occurring Affordable Rental Units, Burien, 2012-2016
Source: Costar, based on rent characteristics.

Units Affordable at:	50% of AMI or less	80% of AMI or less
Studio units	85	121
1-bedroom units	337	1,581
2-bedroom units	255	1,568
3-bedroom units	1	179
4-bedroom units	1	3
Total	**679**	**3,452**

Of Burien's ownership housing stock, only 6 percent were affordable to households earning less than 50% of AMI in 2012-2016.

Of Burien's rental housing stock, only 28 percent were affordable to households earning less than 50% of AMI.

Figure 29. Housing Units Affordable[15] by AMI and Tenure, Burien
Source: CHAS (5 year 2012-2016).



[15] Note that in 2020, Burien had 996 Income restricted units affordable to households earning 60% of AMI.

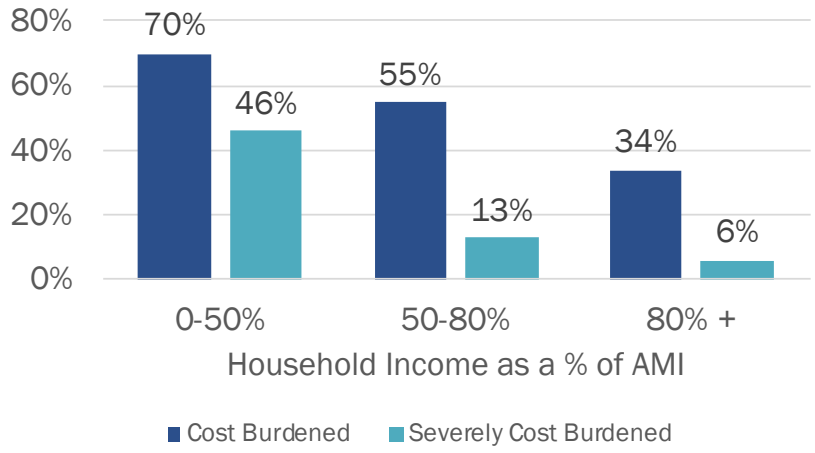
Housing Cost Burdening

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of gross household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development's guidelines indicate that households paying more than 30 percent of their income on housing experience "cost burden" and households paying more than 50 percent of their income on housing experience "severe cost burden."

During the 2012-2016 period, 75 percent of renters and 70 percent homeowners earning less than 30% of AMI were cost burdened, along with 20 percent of renters and 55 percent of homeowners earning between 30% and 50% of AMI.

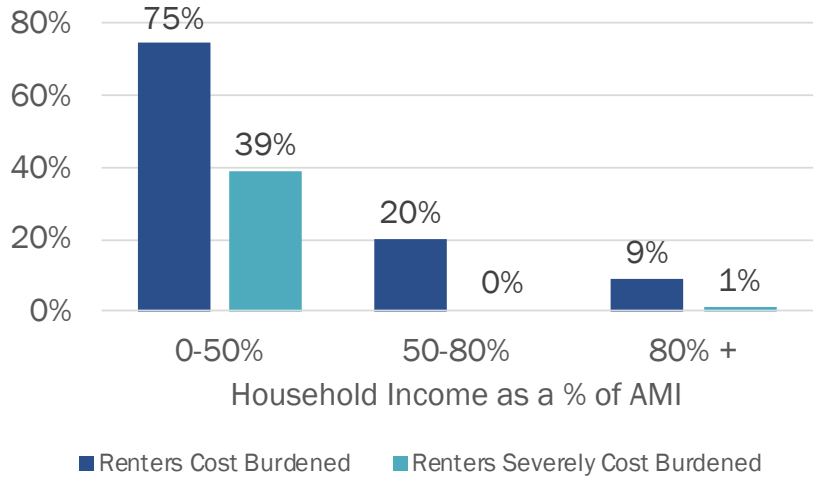
Of Burien's homeowner households (earning 50% of AMI or less), 70 percent were cost burdened and 46 percent were severely cost burdened.

Figure 30. Cost Burdened and Severely Cost Burdened Homeowners, Burien, 2012-2016
Source: CHAS (5 year 2012-2016).



Of Burien's renter households (earning 50% of AMI or less), 75 percent were cost burdened and 39 percent were severely cost burdened.

Figure 31. Cost Burdened and Severely Cost Burdened Renters, Burien, 2012-2016
Source: CHAS (5 year 2012-2016).



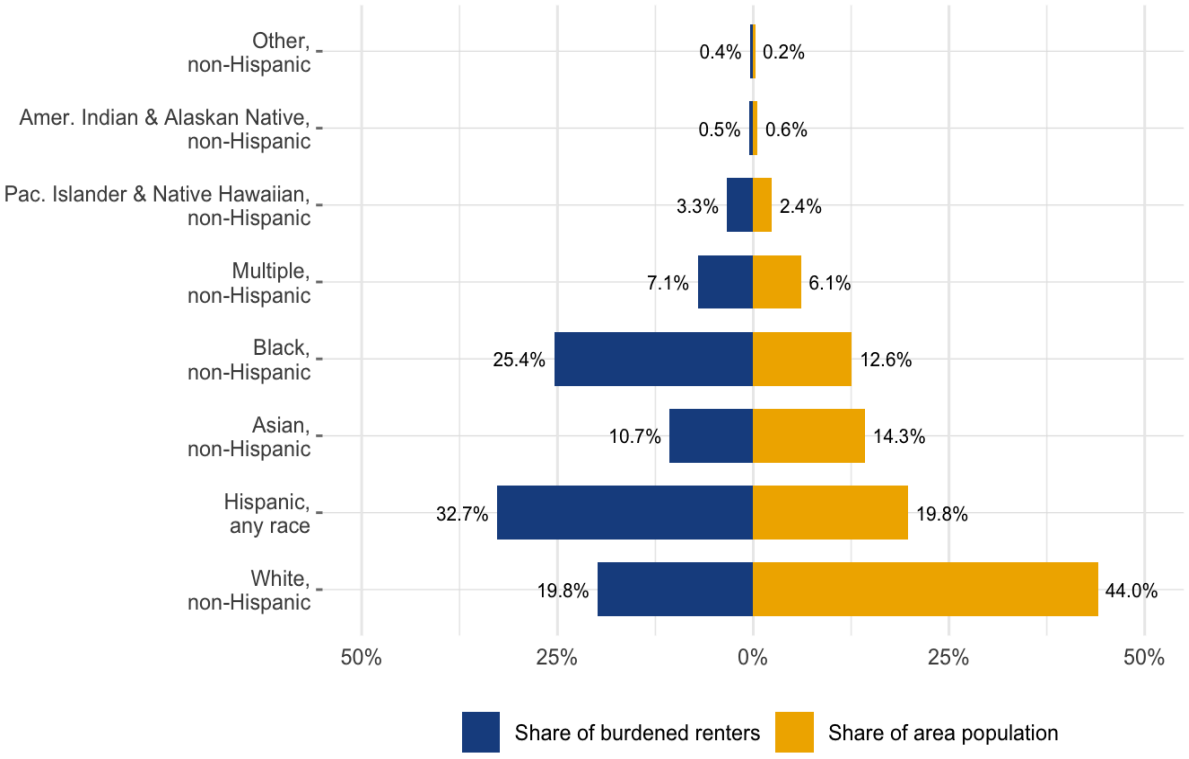
In the Burien area, households of color account for a disproportionate amount of households experiencing cost burdening, compared to their share of total populations.

Hispanic households of any race account for almost 33 percent of all the households experiencing cost burdening, yet they only account for 20 percent of total Burien-area households.

Non-Hispanic Black and African American households account for 25 percent of all cost burdened households despite accounting for less than 13 percent of total households. Black households are disproportionately cost burdened.

Figure 32. Cost Burdening by Race and Ethnicity, Burien PUMA[16]
Source: ACS (5 year 2014-2018)

[16] The Burien PUMA includes the City of Tukwila. Analyzing cost burdening by race and ethnicity requires using PUMS data. As described in Figure 35 on page 15, PUMS data are only available by the PUMA geography which contain about 100,000 people.



Housing Affordability, with Transportation Cost Considerations

The standard definition of cost burden (more than 30 percent of household income spent on housing costs) does not factor transportation costs into that ratio. However, today, housing advocates and economic research stress the importance of considering transportation costs in affordability analyses, because many households relocate to the outer edges of metro areas in seek of affordable housing, thereby increasing their transportation costs to city centers.

Center for Neighborhood Technology publishes a Housing + Transportation Affordability Index (most recently as of 2017), providing a ready-made data source for assessing the possible transportation cost burdening of Burien residents. The H+T Index calculates, through a series of statistical models, the transportation and housing costs for the "regional typical" and "regional moderate" household; "typical" meaning a household earning the regional AMI with the regional average number of commuting workers and persons per household, and "moderate" meaning a household earning 80% of AMI (but having the same number of workers and persons per household).

For the Seattle metro region, the "regional typical" household as the following attributes according to the H+T Model:

- Income: $70,475
- Commuters: 1.19 workers
- Household Size: 2.54 people

While the index considers the "regional moderate" (80% AMI) household as:

- Income: $56,380
- Commuters: 1.19 workers
- Household Size: 2.54 people

In Burien, the model estimates that a "typical" household would spend about 44 percent of its income on housing and transportation costs, while a "moderate" household would spend about 52 percent of its income on these necessities. This compares to 46 percent and 54 percent for households in Seattle, and 55 and 65 percent for households in Bellevue (see Figure 33).

Figure 33. 2017 Housing + Transportation Costs as a Percent of Household Income, South King County Jurisdictions and Comparable Areas

Source: Center for Neighborhood Technology Housing + Transportation Affordability Index

Name	H+T costs as % of income - 100% AMI	H+T costs as % of income - 80% AMI
Auburn	45%	52%
Bellevue	55%	65%
Burien	**44%**	**52%**
Federal Way	44%	51%
Kent	44%	52%
Renton	46%	54%
Seattle	46%	54%
Tukwila	39%	46%

Future Housing Needs

PSRC forecasts that by 2040, Burien will comprise a population of 58,460 people. Based on Burien's population estimate for 2018 (52,000 people), Burien is forecast to grow by 6,460 people by 2040 (12 percent), at a growth rate of 0.53 percent. While Burien is forecast to grow at a slower rate than it has in the past, its population growth will continue to drive future demand for housing in the city over the planning period.

Based on Burien's forecasted population growth, the city is projected to need 3,435 new dwelling units between 2020 and 2040, at an average trajectory of 172 new units per year through 2040. Accommodating the annual development trajectory would require a 64 percent increase from historic, average, annual housing production.

Half of Burien's needed housing units (1,717 units) are needed at price points affordable to households earning 80% of AMI or less.

Figure 34. Housing Units Needed by AMI, Burien, 2040
Source: OFM, 2019; PSRC, 2017; ECONorthwest Calculation.

AMI	# of Units	% of Units
0-30%	481	14%
30-50%	412	12%
50-80%	824	24%
80-100%	344	10%
100%+	1,374	40%
Total	**3,435**	**100%**

Appendix A) Common Housing and Planning Data Sources

Figure 35. Common Data Sources for Housing Planning Projects

Federal Sources	About the Data Source	Data Available	Considerations
U.S. Census Bureau Decennial Census	The Decennial Census, completed every ten years, is a survey of all households in the U.S.	The Decennial Census is considered the best available data for demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics.	Decennial surveys are very comprehensive but are conducted infrequently. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, and other important household information.
U.S. Census Bureau American Community Survey (ACS)	The ACS is an ongoing, nationwide survey conducted every year or every five years by the U.S. Census Bureau. The ACS surveys an average of 3.5 million households in the U.S. or 2.9 percent of the nation's households. Surveys are conducted on an annual basis, but data are aggregated into 1-year, 3-year, or 5-year samples. ACS 1-year estimates are surveyed during the calendar year. Multiyear estimates are surveyed over 3 or 5 calendar years (e.g., 2011-2015 ACS estimates). The U.S. Census Bureau no longer produces ACS 3-year estimates, but older data are still available through 2013.	Many data points are available: population counts, gender, age, ethnicity, race, national origin, languages spoken at home, education, family size, household size, family status, living arrangement, poverty status, benefits, income, employment, industry, wages, housing type, count, size, age, condition, prices/rents, cost burdening, and many others	The ACS 1-year sample is available for larger areas with populations over 65,000 persons. The ACS 5-year sample is available for smaller geographies with fewer than 65,000 residents. While an ACS 1-year estimate includes information collected over a 12-month period, an ACS 5-year estimate includes data collected over a 60-month period. The ACS 5-year data is offered at different scales/geographies including census tract and census block group. The 1-year estimates provide the most current data but have larger margins of error than the 5-year estimates since they are based on a smaller sample size. The main advantage of the 5-year estimates is the increased statistical reliability for smaller geographic areas and small population groups. It is not recommended to compare two 5-year estimates over two time periods back to back since it is difficult to determine whether the values are applicable for the beginning or the end of the time frame.

			One-year estimates are particularly helpful for understanding rapidly changing characteristics in larger populations.
U.S. Census Bureau Public Use Microdata Sample (PUMS)	The U.S. Census Bureau publishes PUMS data files so that users can perform custom analyses and create tables not available through the ACS. The microdata in the PUMS files reflect the underlying data in the ACS summary tables.	PUMS data include many of the same variables and values as the ACS and are available in 1-year and 5-year estimates. The biggest difference between the ACS and PUMS lies in the data structure. With the ACS summary tables, the structure of the data is predetermined for specific geographies in the form of a summary table. PUMS data files require the user to determine what data to tabulate and how those data will be structured. This survey-level data is available at the household level or at the population (individual) level. A prototypical household is given a weight to become representative of that household (including all characteristics).	PUMS data are only available in PUMAs (Public Use Microdata Areas), which are statistical geographic areas defined for the dissemination of PUMS data.. The 2010 PUMAs nest within states or equivalent entities, contain at least 100,000 people, cover the entirety of the United States, Puerto Rico, Guam, and the U.S. Virgin Islands, are built on census tracts and counties, and should be geographically contiguous. PUMS data tend to be more complicated and require statistical software (e.g., Stata, R, SPSS), and knowledge to use the data correctly.
HUD Multifamily Housing Databases	The U.S. Department of Housing and Urban Development (HUD) provides property-level data on multi-family housing developments that have active contracts for rent subsidies and assistance.	These property-level databases include the following types of information: HUD property ID, property name, address, city, state, county, zip, congressional district, total units, total assisted units, bedroom breakdown, management information, ownership information, funding type, and information on a variety of HUD categories and programs.	To gain the most comprehensive picture of property-level data, some of these databases need to be merged using the unique HUD ID. These data only capture those properties funded or monitored by HUD. Thus, data will need to be compared against other funding/monitoring sources (such as the King County Housing Authority or the Washington State Housing Finance Commission (WSHFC)) and deduplicated.
HUD Comprehensive Housing Affordability	Each year, the U.S. Department of Housing and Urban Development (HUD) receives custom tabulations of	Data demonstrate the extent of housing problems and housing needs, particularly for low income households. HUD CHAS data provides breakdowns by five	The HUD CHAS data is a great source of data on cost-burdened households. Data are available at a county or Census-defined place of interest (such as a city). However

Strategy (CHAS)	ACS data relating to housing problems and housing needs. The CHAS data are used by local governments to plan how to spend HUD funds, and may also be used by HUD to distribute grant funds.	different household types, each of which has distinct housing needs.	data are older; the most recent is 2018. Because they rely on the ACS, smaller geographies are still grouped into 5-year survey samples.
State and Local Sources	**About the Data**	**Data Available**	**Considerations**
Washington State Housing Finance Commission (WSHFC)	The WSHFC is the state agency responsible for funding and monitoring some of Washington's regulated affordable housing stock.	Property-level data for the WSHFC's portfolio of regulated affordable housing properties (typically tax credit and bond financed properties). Information includes property name, address, # of units, affordability limits, funding type, bedroom information, date placed in service, and management/ownership information.	Data is largely limited to properties financed through WSHFC programs, such as the Low-Income Housing Tax Credit (LIHTC). Data can be filtered to the city, county, zip code, and can be mapped. The most helpful property-level affordable housing data generally must be requested through a public records request. These data only capture those properties funded or monitored by WSHFC. Thus, data will need to be compared against other funding/monitoring sources (such as the King County Housing Authority or HUD) and deduplicated.
Washington Office of Financial Management (OFM)	OFM researches a variety of issues related to the state budget, public policy, and demographics and releases the official state and local population estimates and projections for use in the allocation of certain state revenues, growth management, and other planning functions. As the official partner of the US Census Bureau for Washington state, the Population unit helps disseminate information about the characteristics	OFM provides mostly tabular data describing current demographics, housing (median home prices), and population densities, forecasts and projections. Population and housing estimates are available at multiple geographic levels of detail, from block group, to jurisdictional, to county. Annual estimates are available from 2000 to the present.	OFM data is particularly helpful for city level housing data on an annual basis. OFM compiles annual population and housing estimates based on a variety of sources, including postal service statistics, group quarter population counts, and building/demolition records. The decennial census counts of housing, population, and persons per household function as base values on which up-to-date allocations are based. In the event of jurisdictional boundary changes or annexations, OFM provides means of maintaining the

	of Washington's population, housing, and economy and provide guidance to a variety of stakeholders in accessing and using demographic information.		comparability of population and housing estimates for years before the annexation/boundary change. OFM also cautions that new information regarding housing or population can affect prior years' estimates, so users should always work with the most recent available estimates wherever possible.
Puget Sound Regional Council (PSRC)	PSRC provides regional data and forecast estimates used for local and regional planning.	PSRC prepares a variety of data at the local and regional levels including employment and wage growth data and population and job projections. Population and job growth projections are available at the county, city, census tract, and Forecast Analysis Zone (FAZ) levels. PSRC also has these data at the Transportation Analysis Zone (TAZ) and other custom geographies upon request.	PSRC reports low margins of error for its population and jobs forecasts report (below three percent). These forecasts are based, in large part, upon OFM's population and housing estimates (see above), and covered employment estimates provided by the federal government. PSRC is the regional manager of detailed employment data provided by the Bureau of Labor Statistics, so the reliability of its employment-related data is generally going to the be higher than any other data source in the region. PSRC's employment forecasts are subject to federal confidentiality restrictions, so it is not uncommon for smaller jurisdictions to have one or more suppressed (missing) industry employment estimates. Employment forecasts are only available by major industry categories, which can include one or more 2-digit NAICS industries (e.g. Manufacturing and Warehousing, Transportation and Utilities in one group).
King County Assessor's Database	Each county tracks land and improvement values by parcel. This includes parcel (housing lot) level information which is very fine-grained and detailed.	Data typically show parcel specific information on the home type, home sales, home value, and use.	This data is provided in a GIS (map friendly) format. However, data cleaning may be required in GIS or a statistical software to gain more accurate accounting of the amount of housing units by type.

King County Housing Authority (KCHA)	The King County Housing Authority owns and or operates numerous regulated affordable housing properties throughout the County. KCHA also manages the HUD-funded voucher programs for the County.	Property level data may include: property name, address, city, state, county, zip, total units, total assisted units, bedroom breakdown, income limits, funding type, and other KCHA-specific information.	The most helpful property-level affordable housing data generally needs to be requested through a public records request. Data will need to be compared against other funding/monitoring sources (such as HUD or the King County Housing Authority) and deduplicated.
City of Burien Data	The City tracks and records applications and permits for development within Burien.	Data may include property address, permitting information (type, date, fees, exemptions), tax information, development type, development size (e.g., height, floor-area-ratio, density), zoning information, and other development-specific information.	Development permit and activity data can help paint a more nuanced picture on the types of housing being built, zoning districts that are most utilized by developers, and total size and scale of development.
CoStar Data	CoStar is a private, third-party proprietary real estate data provider. Data is typically available for purchase.	CoStar provides data on multi-family pricing and vacancy rates over time. Market data comes from CoStar, a proprietary data source commonly used for market analysis in the real estate industry.	While CoStar is one of the best available sources of rent and vacancy data overall, the data has gaps and limitations that make it less reliable in areas with few existing buildings. Newer buildings and those that are professionally managed are more likely to have reliable rent and vacancy information, while smaller, older buildings may have incomplete data or be missing from the system entirely.

Appendix B) Housing Needs Analysis Methodology, Data Sources, and Assumptions

Data Sources

To conduct this housing context assessment we primarily relied on 2019 data from the Washington Office of Financial Management (OFM) to evaluate housing and demographic trends. Where OFM data was unavailable we relied on the U.S. Census Bureau's Public Use Micro Sample (PUMS) data from 2012 through 2018 and the U.S. Census Bureau's 2012-2016 Comprehensive Housing Affordability Strategy (CHAS) Data. To supplement OFM data on housing trends and existing housing types by size, we supplemented this analysis with King County Assessor data. For housing market data on rents and sales prices we relied on data from the King County Assessor, CoStar, and Zillow. For the housing demand analysis we relied on Puget Sound Regional Council VISION 2040 population forecast by city for the 2040 forecast year.

We used the best available data sources to assess the housing inventory and future needs, analyze employment trends, and analyze demographic trends in Burien. As noted in the data sources table (Figure 35 on page 41), Census data varies according to a jurisdiction's size. Because Burien has less than 65,000 people, it is surveyed every five years and thus have data in 5-year samples. The most recent survey data is for 2014-2018.

Housing Needs Analysis Methodology

Future Housing Needs

We estimate Burien's future housing needs based on the forecasted household growth through 2040 from PSRC. PSRC does not forecast housing units, but instead forecasts the estimated number of households. To calculate Burien's future housing need, we use a target ratio of developing 1.14 housing units per new household. This ratio is the national average of housing units to households in 2019. It is important to use a ratio greater than 1:1 since healthy housing markets allow for vacancy, demolition, second/vacation homes, and broad absorption trends. Use of the national ratio is a reasonable target, particularly for larger areas and regions. Using this ratio suggests that at a minimum, jurisdiction should be hitting the national average and is preferred as the existing regional ratio may capture existing issues in the housing market (such as existing housing shortages).

Total Units Needed by Income

The next step is to allocate the needed units by income level. We first look at the most recent distribution of households by income level (using PUMS to determine area median income or "AMI") in Burien and the South King County subregion. This distribution is displayed for Burien, the South King County subregion, and King County as a whole in Figure 36 below. We then account for current and future household sizes at the city level to better understand

nuances of how housing need by income can shift over time as household sizes change and subsequent changes to housing affordability.

Because forecasting incomes at the household level over time can be challenging at best, and misleading at worst, this data evaluates housing need using current income distributions forecast forward. The forecast housing need by income category at both the city level and at the subregion is likely to vary depending on policy choices made over the next 20 years. That is to say that if cities choose to take less action on increasing housing production and affordability worsens due to demand outpacing supply, the forecast need for lower income households is likely to be less because those low income households that are most at risk from housing price changes are more likely to be displaced from the subregion. The ultimate income distribution in 2040 will be the result of regional housing trends and policy decisions made at the local level.

Figure 36. Household Income Distribution in Burien, South King County Subregion, and King County
Source: ECONorthwest analysis of 2018 Census 5-year and 1-year PUMS data

AMI Level	Burien	South King County	King County
0-30% AMI	21%	18%	18%
31-50% AMI	19%	16%	15%
51-80% AMI	16%	23%	16%
81-100% AMI	11%	12%	11%
100%+ AMI	32%	31%	40%

We then apply each distribution of households by income (middle column) to the total units needed to get the share of new units needed by income level.

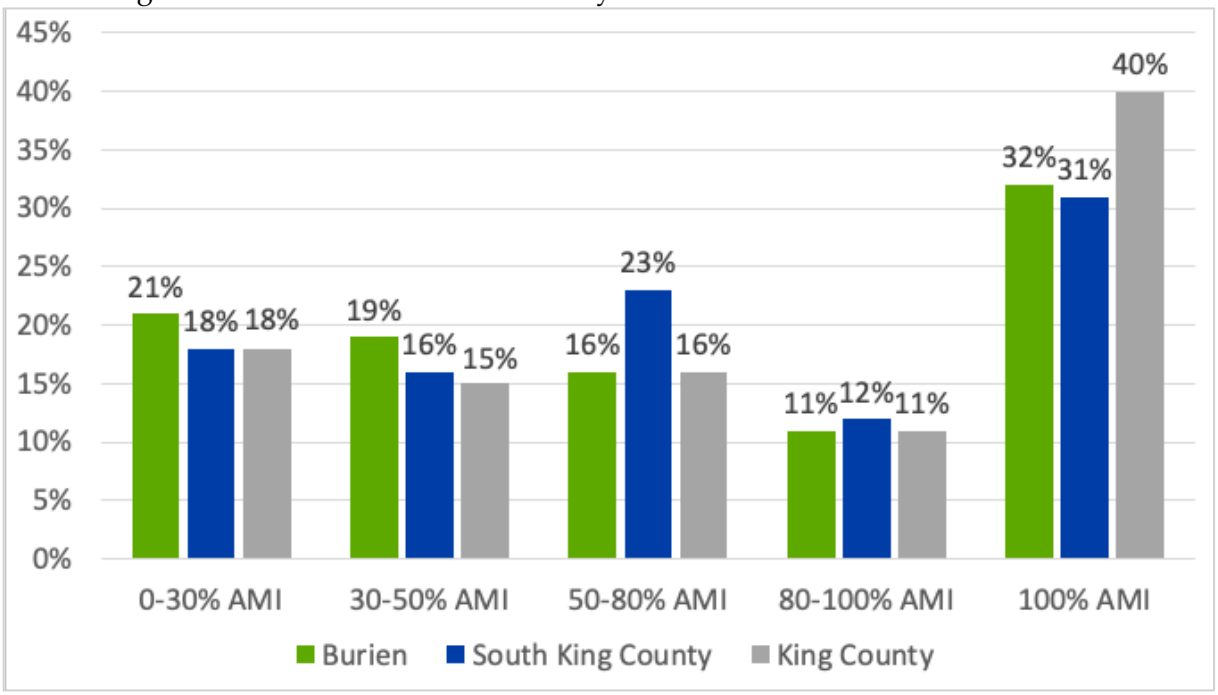


Figure 37. Total Units Needed by 2040 by Area Median Income Distribution in Burien
Source: ECONorthwest analysis of 2018 Census 5-year PUMS data

AMI Level	Burien	Total Units Needed by 2040
0-30% AMI	21%	481
31-50% AMI	19%	412
51-80% AMI	16%	824
81-100% AMI	11%	344
100%+ AMI	32%	1,374
TOTAL		**3,435**

Employment Analysis

An employment analysis and an analysis of trends in job growth by industry are requirements for local housing action plans. We developed city-level employment estimates by 2-digit NAICS codes using a combination of the U.S. Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) Origin-Destination Employment Statistics (LODES) data, and PSRC's Covered Employment Estimates. The employment estimates show the total number of Burien residents working in each 2-digit NAICS sector, the change in employment in that sector since 2008, and the 2018 median wages for Burien residents in that sector.

Access to Employment

We measured access to employment for both transit and auto use, using a preset limit of 45 minutes to generate isochrones (travel sheds). We used ESRI Services to create drive-time isochrones, simulating traffic conditions typical of 8:00AM, Wednesday. We created transit isochrones using OpenTripPlanner and the consolidated Puget Sound General Transit Feed Specification (GTFS) database that is created and maintained by Sound Transit. This GFTS database allows users to model possible transfers between the region's multiple transit agencies. For each 2-digit NAICS industry, the data summarize the share of jobs across the four-county region that are accessible within a 45-minute transit or auto commute from Burien.

Transit Isochrones

We created isochrones originating from every transit stop within the jurisdiction. Each transit stop was also weighted by the population within a half-mile distance (straight-line). These isochrones were then joined to LODES job points at the Census Block Level, and the total number of jobs by NAICS industry was calculated for each isochrone. The total number of jobs reachable by transit (and walking) within 45 minutes was calculated as the weighted mean number of jobs within the isochrones, using the transit-stop population as weights.

Auto Isochrones

For drive-time isochrones, we used a similar method as the transit isochrones. Instead of transit stops, however, we used block group centroids as the isochrone origin points, and the associated block group population estimates provided the weights with which we calculated the average number of jobs reachable by the "average resident."

Share of Jobs Accessible

Once we calculated the total number of jobs available by 45-minute transit or auto travel, we calculated the share of total jobs in that industry in the four-county region (King, Snohomish, Pierce, and Kitsap County). For example, there are roughly 94,000 manufacturing jobs available by 45-minute car trip from the City of Kent which represents 53 percent of all jobs in that industry in the four-county region.

Number of Jobs

We derived the number of jobs by industry from PSRC's Covered Employment Estimates for 2018 and 2008. PSRC provides job totals by city and NAICS 2-digit industry categories, but will censor an estimate if that number represents fewer than three reporting firms, or when a single employer accounts for more than 80 percent of jobs in an industry within a jurisdiction. In these instances, we have provided an internally calculated estimate of employment in that industry based on the uncensored totals for each industry. Average wages by industry were calculated using the 2018 5-yr ACS estimates at the city level.

Caveats

The auto isochrones may be overly optimistic in terms of traffic congestion - especially with regards to the timing of water taxi/ferry access to Kitsap County. Since we are limited in terms of other tools that even *claim* to model travel sheds with traffic congestion, there are few alternative options.

Wage estimates by industry from ACS are not available for every industry, usually due to low numbers of survey samples. Many of these estimates, especially for industries with low numbers of workers, show relatively high margins of error and should be treated as rough approximations.