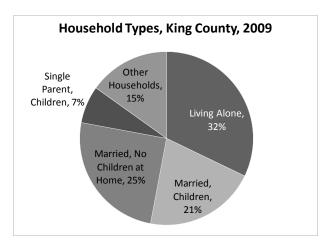
II. NEEDS ANALYSIS SUPPLEMENT: REDMOND

This report supplements information provided in the East King County Needs Analysis. Its purpose is to: highlight demographic and housing data for Redmond that varies from the material presented in the East King County Needs Analysis; describe potential housing issues in different neighborhoods; and summarize housing programs utilized by the City.

LOCAL DEMOGRAPHIC-HOUSING DATA

Mix of household types in Redmond is essentially the same as countywide averages (Chart R-1). The largest number of households are single-person households, which make up 33% of all households. Compared to East King County, Redmond has a higher proportion of single households and smaller proportions of married households (both with and without children). (See Exhibit B.)



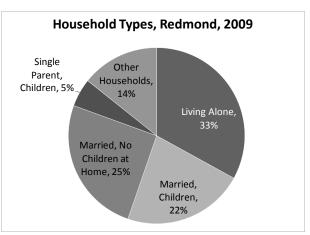


CHART R-1

Source: U.S. Census Bureau

Population by Age data shows Redmond varies from the rest of the county (Chart R-2). Redmond has a larger proportion of residents age 20–35 (31% versus 23%), and lower proportion of all other older age groups, especially in the 45–55 age group. This could be reflective of some of the city's workforce profile (see below).

Ownership rates in Redmond have varied from ownership rates in countywide averages and other cities in East King County. While rates countywide have been at approximately 60% countywide and over 60% in East King County cities, Redmond's rate of ownership is 54% (Exhibit L). Also Redmond has seen a decrease in ownership rates since 1990 (58%), while most cities have seen ownership rates increase or stay the same. This seems potentially consistent with the previously described demographic characteristics of Redmond households.

Rents are in the mid range of rents for cities in East King County, and about 20% above countywide rents (Exhibit O). These levels are consistent with past rent levels in Redmond.

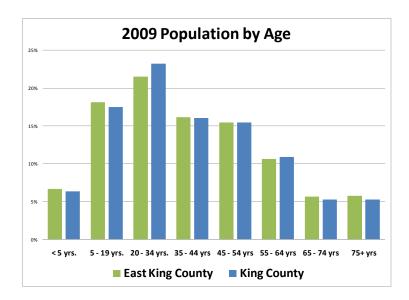


CHART R-2

Source: U.S. Census Bureau

Ownership prices in Redmond are about 20% higher than countywide averages and similar to average prices for East King County (Exhibit O). Since 2000, home prices in Redmond, similar to cities in East King County, went up significantly more than increases in median income. Prices also went up more than the countywide average.

Households who are cost burdened is somewhat different in Redmond than east King County. Most cities saw an increase in cost burdened

households since 2000, but Redmond's rate remained essentially the same (Exhibit H-1). As with other cities, Redmond had an increase in the proportion of owner occupied cost burdened households. However, Redmond saw a decrease in proportion of renter occupied cost burdened households, while most cities saw an increase. Also, Countywide and in most cities, while there has been an increase in the proportion of owner occupied cost burdened households, there is still a higher proportion of renter occupied cost burdened households. However in Redmond the proportion of owner occupied and renter occupied cost burdened household is almost the same.

Median household income of Redmond residents is higher than the countywide average (Exhibit F). This is similar to most other cities in East King County. About 15% of households are lower income and about 13% are moderate income, which is similar to the proportions in other cities in East King County, and lower than countywide figures.

Jobs Housing Balance is a figure developed to indicate the ratio of housing demand from local workforce to the local supply of housing. A ratio of 1.0 means there is an amount of housing equal to the demand for housing from the local workforce. A ratio higher than 1.0 means there is a greater demand for housing from the workforce than there is available housing. The East King County Needs Analysis indicates how this ratio has gone from well below 1.0 to well over 1.0 in East King County. In Redmond this shift has been even more pronounced, with the most recent estimate being over 2.5 (Chart 5, East King County Analysis). Planned growth for employment and housing in Redmond and East King County as a whole would result in a jobs-housing "imbalance" of 1.5. Including existing levels and planned growth, in the year 2031, the cumulative jobs-housing ratio for Redmond would be approximately 2.4 (Exhibit I).

Employment by Job Type (Sector). Redmond has a unique employment mix both relative to the rest of King County and other cities in East King County. Not only does it have a large

workforce relative to its supply of housing, almost 70% of its workforce works in the 'services' sector (includes technology). This compares to countywide figure of 46% and 52% in other cities in East King County. In addition salaries for service sector employees in Redmond are double average salaries for other service workers in East King County and countywide. For the balance of Redmond workers, average salaries for each sector are similar to countywide salaries.

NEIGHBORHOOD CONDITIONS

Housing in Mixed Use Areas. As was discussed in the East King County Analysis, the majority of development capacity for housing in East King County cities is in mixed use zones. This is even more so in Redmond where over two thirds of residential development capacity is in mixed use zones. Most of this housing capacity in mixed use zones is in two areas: Downtown and Overlake. In the Downtown, prior to 2000, there was both existing single family and multifamily housing scattered throughout the Downtown planning area, with most located in the peripheral areas. Over the past ten years, redevelopment has begun in the Downtown, including mixed use with both rental and ownership housing. To date, other than older single family homes that had converted to commercial use, redevelopment has not resulted in the loss of any significant amount of existing housing. It is difficult to know if this will occur in the future, but due to the amount of land with limited existing development, there doesn't appear to be immediate pressure for redevelopment that would result in the loss of a significant amount of existing housing. If this did occur it could result in the loss of some relatively affordable housing. There it may be worth tracking this issue, and if necessary, reviewing policies regarding preserving or replacing existing affordable housing to see if updates are warranted.

The other major mixed use area planned for housing is **Overlake**, and more specifically, the Overlake Village. Current uses in this area are predominantly retail and office related. There is one recent new housing development, otherwise there is very limited existing housing in this area. This area is planned to be served by East Link light rail and the city has recently updated their plans for this area. One of the unique elements of this plan is policies and regulations for new development in this area to include housing. This policy was created to help ensure that this area includes a significant amount of housing to help meet the city's overall housing needs. Given the high proportion of the city's overall housing capacity these two areas, one challenge will be for future development to help address the full range of housing needs in these areas in terms of diversity and affordability. While in the past areas such as these have targeted primarily households without children, needs for families with children could be more of a need in the future.

The city has a number of residential neighborhood planning areas. Several of these are relatively developed (e.g. Grass Lawn, Education Hill, Idylwood). There are several neighborhoods (Willows/Rose Hill, North Redmond) that are planned primarily for lower density development, but given the relatively low density of existing homes or undeveloped areas, can expect larger amounts of new housing. The city has initiated several policies and regulations for these areas that could allow some less traditional forms of housing such as cottages or duplexes. These

Needs Analysis II-3 March 25, 2011

policies are designed to create a wider range of housing options in traditional single family neighborhoods. This could offer opportunities for households who may want to "age in place" or other smaller households.

SUMMARY OF LOCAL HOUSING STRATEGIES

Over the last 20 years the City of Redmond has initiated a range of strategies to increase the diversity and affordability of housing in the city. These include:

Increase Amount / Diversity of Housing

- Rezones to either allow or increase development capacity for housing, including
 Downtown, Overlake, Southeast Redmond, and North Redmond. In Overlake included
 unique provisions that new development would include housing in certain mixed use
 areas.
- Elimination of density per acre maximums in portions of the Downtown
- Regulations in some neighborhoods to allow multiplexes and cottages.
- Regulations to allow innovative housing through a specialized permitting process.
- Allow accessory dwelling units (ADU) in single family zones. However, it is noted that for a city its size, there have been a relatively low amount of permits for ADUs.

Affordable Housing

- Regulations in several neighborhoods (Downtown, Willows/Rose Hill, Grass Lawn, Education Hill, Overlake, North Redmond, and Bear Creek) for new developments to provide affordable housing units.
- Incentives for providing more than the minimum amount of affordable housing that is required
- Regulations for new senior housing to provide affordable housing units.
- Acquiring the surplus federal 'Coast Guard' parcel.
- Waiving or reducing impact and permit fees for several affordable housing developments, including Habitat for Humanity, Village at Overlake Station, and Avon Villa manufactured housing park.
- Use city general funds and federal Community Development Block Grant (CDBG) funds to fund affordable housing through ARCH's (A Regional Coalition for Housing) Housing Trust Fund.

Exhibits Q and R summarize the overall impact of these efforts in terms of range of amount, type and affordability of new market rate housing, and progress towards the city's affordable housing goals.