

# CITY OF ARLINGTON HOUSING ACTION PLAN



APRIL 2021



in partnership with Blueline

# EXECUTIVE SUMMARY

In the fall of 2019, the City of Arlington applied for grant funding allocated by the Washington State Department of Commerce and funded through Engrossed Second Substitute House Bill (E2SHB) 1923. The grant funding has been used for the development of this Housing Action Plan (HAP) to recognize the housing needs of Arlington's current and future populations, as well as outline goals, policies, and strategies to meet those needs.

The Housing Needs Assessment (HNA) is the first step in the housing action plan development process. Completed in March 2020, it identifies the current and future housing needs of all economic segments of the community. The HNA shows that over one-third of Arlington's population is cost-burdened, meaning those households pay more than 30 percent of their household income on housing costs. Low-income households, defined as those making less than 80 percent Area Median Income, make up 88 percent of the cost-burdened households. Renter-occupied units compose 35 percent of all occupied housing units in Arlington. This is partly due to the rising costs of homeownership. In 2018, the minimum household income required to afford the median sale price and not be cost-burdened was \$74,862, which was only slightly less than the median household income of \$76,097.

The HNA guides Arlington to examine the city's current mix of households by socioeconomic status to gauge what housing opportunities should be encouraged within the next twenty to thirty years. Arlington should focus on how to ensure stable housing for the households at the lowest income level, and it should implement actions to make affordable homeownership more widely available.

Before writing the HAP, we engaged key stakeholders from the real estate, development, and non-profit industries by asking them to provide input about the Arlington's barriers to housing through an online survey. We also received feedback from the general public through an online survey focused on the community's perception of Arlington's housing needs.

Another preliminary step in the HAP process was a review of Arlington's current housing policy framework. We studied the goals and policies of the housing element from the 2017 Comprehensive Plan Update. By inventorying the outcomes of these policies along with contributing factors, we provide suggestions for striving toward further achievement. These suggestions have been incorporated into the actions outlined in the HAP. Like many other cities in the Puget Sound Region, Arlington is faced with a burgeoning need to address its potential for growth and its current housing shortfalls. The HAP lays the groundwork for the response by creating these three strategic objectives:

- 1. Expand opportunities for households to work, live, and play locally.**
- 2. Preserve community and character.**
- 3. Address the housing needs of everyone.**

Each strategic objective can be achieved through a set of actions. The actions are carried out through implementation steps in which the method of implementation is defined and the lead department is identified. With some actions encouraged for the near-term and others for the long-term, the City can monitor the plan's progress and adapt accordingly. Through the strengthening of community partnerships and ongoing public engagement, the HAP can be amended to address Arlington's shifting housing needs in perpetuity.

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# INTRODUCTION

As cities across the Puget Sound Region continue to grow at historic rates, they have also become less affordable particularly for lower-income populations who have called the Pacific Northwest home for generations. As cities have struggled to keep pace with growing populations, we have seen households priced out, displaced, or even become homeless.

The City of Arlington is no exception with over one-third of its households being cost-burdened, meaning over 30 percent of their household income is spent on housing alone. Low-income households are disproportionately affected with 88 percent of cost-burdened households making less than 80 percent of the area median income (AMI), and 100 percent of severely cost-burdened households (households that spend 50 percent of their income on housing costs) are low-income as well. This along with more information was discovered when the City produced its Housing Needs Assessment, which is contained in the appendix of this document.

Clearly, Arlington must continue working to ensure that the housing needs of current and future populations are met. To keep Arlington from falling further behind in affordability, the City has prioritized the creation of this Housing Action Plan (HAP) to explore strategies that promote the preservation and creation of more affordable housing options for both renters and homeowners.

In 2017, the City of Arlington adopted [Mixed Use Development \(MXD\) Regulations](#) for two reasons. The first is to accommodate the City's growth projections as required by the Growth Management Act. The second is to ensure the growth comes in the form of mixed-use development that will lead to more attractive, sustainable neighborhoods with increased walkability and less automobile dependency. The MXD Regulations utilize Form Based Code to promote development that is compatible with the established form and function of existing uses.

Recognition of the MXD Regulations is important prior to outlining the strategies of the HAP since the regulations represent one tool the City already possesses to address Arlington's current and future housing needs. The regulations provide certain incentives for affordable housing development through height increases and decreased parking requirements. Additionally, the focus on reducing automobile dependency has potential to increase the city's affordability by reducing transportation costs. The suggested strategies in the HAP will build upon the effort to combat housing issues in Arlington that was already initiated with the adoption of the MXD Regulations.

The HAP creates three strategic objectives to guide decisions regarding the future of housing in Arlington:

- 1. Expand opportunities for households to work, live, and play locally.**
- 2. Preserve community and character.**
- 3. Address the housing needs of everyone.**

The first strategic objective draws on Arlington's strength as an employment center and focuses on expanding affordable homeownership opportunities and increasing the quality of life for the residents of Arlington in the low to moderate income range. As the strategic objectives and actions are generally listed in order of priority, this strategic objective is Arlington's highest priority for implementation. The second strategic objective

prioritizes preserving the small-town feel of Arlington, as well as ensuring existing residents continue to live in high-quality homes they can afford. Finally, the third strategic objective seeks to guide Arlington in addressing how it can provide housing opportunities for households in the lowest income range or for those that have no income at all.

Each strategic objective will be achieved through a series of actions. Each action is prescribed to serve certain income level(s), intracity geographical area(s), and type(s) of households. The sections describing the actions are followed by an implementation plan and monitoring program that will lay the framework of the City's response to meeting its housing needs moving forward.

# STRATEGIC OBJECTIVE I

## expand opportunities for households to work, live, & play locally

Arlington has been expanding and is projected to continue doing so. As an employment center, jobs and businesses are increasing and prospering. As a desirable place to live, more and more people are seeking to build a life here. The goal of this strategic objective is to ensure those opportunities not only remain but thrive.

The City has a high jobs-to-housing ratio. Although the City wishes for the high ratio to remain, it can still ensure people who work in Arlington also have the option to live here. The lack of affordable housing options (particularly for ownership) is supported by responses to the Arlington Housing Needs Survey. A goal of this objective is to alleviate the inadequate supply of affordable homeownership opportunities by connecting those interested in ownership with more resources. It can also expand the allowances for more affordable options to be built, so developers have the tools to meet this demand.

If more people that work in Arlington also live there, intracity trips will increase, decreasing commute times and giving the City more reason to expand its multimodal transportation network. For some households, monthly transportation costs, usually tied to a long commute, can equal or exceed a household's monthly housing costs. Transportation costs cannot be left out of the City's discussion of Arlington's affordability. Another goal of this objective is to leverage Arlington's growth to increase quality of life in Arlington. The City should evaluate mechanisms for funding affordable housing in tandem with increased commercial and industrial investment. It should also figure out how to efficiently combine residential development with planned infrastructure improvements.

This strategic objective serves as Arlington's highest priority for implementation. All actions under this objective should be pursued within the next five years, with resources, such as staff time and budget allocations, that are specified in this plan being primarily devoted toward their completion.



## **action 1.1** explore potential of the East Hill Master Planned Neighborhood Overlay to offer affordable housing options

The East Hill Master Planned Neighborhood Overlay offers a unique opportunity to meet some of the affordable housing goals of the City. In approving the Master Planned Neighborhood Development (MPND), Arlington City Council may require the development to comply with site-specific development regulations. This could be accomplished using a few strategies, such as requiring a number of homes to be reserved and sold to households earning a certain percent of AMI. Leveraging densities within the East Hill MPN is another method, requiring smaller lot sizes and smaller footprint, single-family homes that would allow for a lower price point in the housing market. This would allow the developer to maintain their profitability by allowing additional units to make up for the lower price point of the affordable units. The City could also evaluate implementing a program that would exempt the city portion of property tax for the first 3 years, for qualified first-time home purchasers, allowing them the ability to purchase a home by reducing that tax burden until they can incorporate the tax payment into their budget. This program would provide an easier path to homeownership by reducing some of the upfront costs and begin to realize the benefits of building equity in home ownership.

Income levels served:	120% AMI and below
Geographic scale:	East Hill Master Planned Neighborhood Overlay
Renters or homeowners:	Both

## action 1.2 encourage more diverse types of housing development

Building a wider range of housing options is one way to support broader affordability within Arlington. Duplexes, triplexes, and courtyard apartments and other similar medium-scale unit types are often referred to as the “missing middle” as they are middle-sized housing, aimed at people with middle incomes. They are also some of the most affordable forms of housing on a cost-per-square-foot basis. In general, these types are more affordable than detached single-family homes and offer a larger range of design and locational choices than apartment buildings do. They also deliver more flexible ways for communities to add compatible density into established neighborhoods and provide more opportunities for residents to have stability and build wealth through homeownership.

Arlington already allows these smaller scale, more affordable housing products in some areas throughout the city. However, converting a single-family home into a duplex, triplex, or fourplex where those housing types are authorized could be increased by helping property owners to identify lenders and other resources to assist in the development process. This could be accomplished through the development of a local program that offers homeowners a combination of financing, design, permitting or construction support for their conversions. With the program, the City could also condition a requirement that newly created units be reserved, for a defined period of time, either for tenants in a housing subsidy program or for tenants whose income is less than 80 percent of the city median income. The affordability requirement should provide additional incentives such as density bonuses, height and bulk bonuses, fee waivers or exemptions, parking reductions, or expedited permitting.

In addition to filling in the “missing middle” discussed above, the City can utilize a number of incentives to encourage single-family homeowners to build an accessory dwelling unit (ADU) on their lot. This could include providing stock designs that would eliminate the need for a designer and would expedite the permit process. The City could also remove owner occupancy requirements. Since ADUs typically cost less to construct and maintain, they provide multiple benefits for affordability. They provide a rental option for renter households that would prefer to live in a single-family neighborhood. They also can provide seniors or families with a supplement to their household income.

An area in Arlington where these more diverse types of housing can be built is the Smokey Point Boulevard Corridor. Recent zoning changes have established this area as a Commercial Corridor, which means development here can utilize incentives from the [Mixed Used Development Regulations](#). This was completed in anticipation of the Community Transit bus rapid transit line planned to connect the Smokey Point Transit Center to Everett Station in the mid-to-late 2020s. The denser, more walkable neighborhoods that can be created through a greater diversity in housing types would complement this area’s anticipated access to high capacity public transportation.

Income levels served:	All
Geographic scale:	Citywide
Renters or homeowners:	Both



## **action 1.3** use value capture to generate and reinvest in neighborhoods experiencing increased private investment

Arlington can use “value capture” to capture a portion of economic gains from private investment and reinvest a portion of these gains back into communities. Value capture works well in areas where private investment is anticipated, like around large-scale public infrastructure improvements, or in designated [Opportunity Zones](#) like in Arlington’s Cascade Industrial Center.

Arlington could establish special districts to leverage the economic growth created from private investments and lower overall development costs. Many of the value capture tools available in Washington state are better-suited to support infrastructure than housing production or preservation activities. For instance, tools like local revitalization financing or local infrastructure project area financing could assist with the cost of offsite, public-realm improvements. This can allay the need for these improvements to be funded by housing developers, which can add significant costs for development.

In Washington state, the community revitalization financing statute authorizes cities to create a tax “increment area” and finance public improvements within the area by using increased revenues from local property taxes generated within the area. The best locations for such a program are underdeveloped areas because this program depends on an increase in property value. Permanently affordable housing is on the list of public improvements that can use program funds.

A specific subarea in Arlington where these value capture tools could be implemented is along the Smokey Point Boulevard Corridor, previously mentioned in Action 1.2. Recent zoning changes have established this area as a Commercial Corridor, which means development here can utilize incentives from the [Mixed Used Development Regulations](#). This was completed in anticipation of the Community Transit bus rapid transit line planned to connect the Smokey Point Transit Center to Everett Station in the mid-to-late 2020s. Both of these measures combined mean this area will be prime for private investment. Arlington could capture a portion of the increased private property values from public transit investments and redistribute them to subsidize affordable housing.

Lastly, a commercial linkage fee is another tool that can be used to capture funds from private investments. As jobs are created, payment into a housing fund is collected. The fee is based on the square feet of new commercial development and is normally paired with a development incentive such as an allowance to increase building height.

Income levels served:	80% AMI and below
Geographic scale:	Targeted, priorities can be created for areas with anticipated growth
Renters or homeowners:	Both

## **action 1.4** increase participation in existing first-time homebuyer programs and resources for new homebuyers

Homebuying is still an important avenue to build wealth, especially intergenerational wealth. Arlington should create homeownership programs to serve residents interested in purchasing a home. The City should also conduct outreach to promote the resources available for first-time homebuyers such as the [Home Advantage Program](#) administered by the Washington State Housing Finance Commission. The program offers homebuyer education services as well as down payment assistance.

Because Arlington is an employment center, it should work with local anchor institutions and other large-scale employers to develop employer-assisted housing programs. Employer-assisted housing (EAH) is an employer-provided benefit, usually designed to assist employees in becoming homeowners near their places of employment. EAH programs often provide grants for down-payment assistance, low-interest loans, matched dollar savings plans, credit counseling, and homebuyer education. Local government typically enhance the probability of employer involvement in housing by offering financial incentives to supplement private contributions and by connecting local nonprofit organizations with interested employers to design and manage the housing benefit programs. As the jobs-to-housing ratio in Arlington is expected to increase further, ensuring employees who work in the city have the option to also live there will become even more important.

Action 2.5, described later on, advises establishing a housing trust fund. Arlington could use this fund to supplement down-payment assistance, supplementing the gap between what existing public programs enable a family to purchase and market prices. The City could even prioritize its supplemental down-payment assistance in areas with higher for-sale prices.

Additionally, this action can support Action 1.1, which encourages exploring the potential of the East Hill MPN to offer affordable homeownership opportunities. The homeownership programs that are created by Arlington can serve the potential residents of the East Hill MPN.

Income levels served:	120% AMI and below
Geographic scale:	Citywide
Renters or homeowners:	Homeowners

## **action 1.5** create a process to coordinate public investments, like capital improvements, with affordable activities to reduce the overall cost of development

The City of Arlington invests millions of dollars in new sidewalks, pavement, curbs, and gutters across neighborhoods. Private developers also make these types of improvements—sometimes called “offsite improvements”—as part of individual projects. In these cases, the developer pays for these improvements. Affordable housing developers have said that these costs have a significant impact on their overall development costs, sometimes requiring them to implement cost-saving measures that may compromise the quality of the final product.

The City should create a process to coordinate public investments, like installation of sidewalks or gutters, with affordable housing activities to help ease the cost of offsite improvements for developers. For instance, this process may prioritize capital improvements around planned affordable housing development, on publicly owned property reserved for affordable housing, or in other areas where opportunity exists. The process may also assess the compatibility of capital improvements for affordable housing (such as integration of housing into other community facilities, like libraries or community centers). Once established, this process could become part of developing the City’s Capital Improvement Plan and occur on an ongoing basis.

Income levels served:	80% AMI and below
Geographic scale:	Citywide
Renters or homeowners:	Both

# STRATEGIC OBJECTIVE II

## preserve community and character

Arlington prides itself on its historic downtown and its small-town appeal, but there are also two other areas in Arlington that are equally important in achieving a community in which to live, work, and play. There is the Smokey Point neighborhood, which is more urban and provides for an abundance of economic and residential opportunities. Then there is the Cascade Industrial Center, which is the dedicated employment center for the city.

Arlington's sense of place and community is one of the reasons why there are some residents who have lived here for generations and others who are attracted to the opportunities it offers. Although the city will inevitably grow due to its location and potential, there are many aspects of the city that can be preserved. The primary goal of this strategic objective is for Arlington to maintain and expand what makes it unique and what current residents treasure while still meeting the housing, employment, and recreational needs of a growing population.

The HNA showed that the average age of the Arlington resident has been increasing. Because of this, one goal for this strategic objective is to determine how to allow residents to age in place without fear of being priced out of the homes in which they have lived for years, or ensuring they have the option to relocate to somewhere more affordable without leaving their community.

This strategic objective also seeks to preserve the affordable housing that currently exists. This affordable housing can be defined as either income-restricted units with restrictions set to expire or units that are naturally affordable at risk of rising rents or being replaced.

Lastly, a goal of this objective is to ensure new development or infill matches or adds to the city's current character. The City of Arlington must focus on how to quell displacement of its current residents and preserve the city's charm, while accommodating new residents.

## action 2.1 preserve Arlington's sense of place

Through the feedback received from the Arlington Housing Needs Survey, it is clear that preservation of Arlington's current sense of place, and the character that represents, is important to residents. The [Mixed Use Development \(MXD\) Regulations](#) that were adopted by the City in 2017 attempt to achieve this goal while also accommodating Arlington's growth projections. These regulations were applied as an overlay to all commercially zoned properties throughout the city. Currently, they are most successfully utilized, primarily in the Smokey Point and Kent Prairie neighborhoods. While more time is necessary to fully understand how successful these regulations will be in Arlington, positive results of similar implementations in other cities is promising.

Form-based code, which is the organizing principle of the MXD Regulations, helps add housing by letting the market determine how many units of what size are feasible. A form-based approach emphasizes predictable built results and a high-quality public realm by using physical form and design rather than separation of uses and density limits. Because it aims to achieve a community's specific vision for how private development appears, it can be used as a tool to allow infill development that is compatible with an existing neighborhood's character. Depending on if the current MXD Regulations achieve development that is favored by the community in the areas of Arlington where they are currently allowed, they can either be revised or expanded into other areas of the city.

One area of the city that residents are particularly interested in preserving that character of is Old Town. Because of Old Town's current mixed-use nature and proximity to amenities, it is desirable for infill development. The City has recently adopted development design standards for its own Old Town Business District and Old Town Residential zones, along with other zones throughout the city. Permit applications must go through a design review process to check conformance with these standards. The City should monitor these standards to modify them and address concerns as they arise. Because the City recently adopted municipal code amendments to allow triplexes and courtyard apartments in the Old Town Residential zone, the City should adopt more design guidelines or even a form-based code to ensure compatibility with the existing character of the neighborhood.

Income levels served:	All
Geographic scale:	Subareas important for preservation
Renters or homeowners:	Both

## action 2.2 target existing resources to improve the livability of existing owner-occupied homes

Some homeowners in Arlington are burdened by housing costs that extend beyond a monthly mortgage. Property taxes, utility bills, and on-going maintenance costs are additional expenses that can increase the cost of owning a home quickly. Some homeowners, like seniors on fixed incomes, cannot make necessary repairs to their properties, and if their properties fall into disrepair, these homeowners may receive a code violation from the City.

While Arlington already provides low-income senior and disabled residents with reduced rates on utility fees, the City should expand efforts to better connect homeowners who may qualify for existing need-based programs at the county and state level. This could be done by adding a list of resources to the City's website or partnering with community-based organizations to conduct targeted outreach. A few of the programs and resources are detailed below.

Need-based rehabilitation assistance helps low-income, disabled or senior residents make needed home repairs and safety upgrades by offering favorable financing terms or time-limited tax abatements to qualified homeowners. Projects that address weatherization and energy efficiency improvements can improve long-term affordability for the homeowners by reducing monthly energy costs. The [Snohomish County Weatherization Program](#) offers free home energy improvements and conservation education to qualifying low-income households, and the [Snohomish County Energy Assistance Program](#) provides a one-time per heating season assistance in paying the heat bill for eligible households.

Foreclosure intervention counselors serve as intermediaries between homeowners and financial institutions to advocate for at-risk homeowners in need of budgeting assistance, refinanced loan terms or repaired credit scores. Cities can use a housing trust fund (advised in Action 2.5) to support these programs, or community land trusts can step in to purchase foreclosed property, helping to restore ownership for residents. The [Washington State Foreclosure Fairness Program](#) provides homeowners foreclosure assistance by offering free housing counseling, civil legal aid, and foreclosure mediation.

Certain neighborhoods, typically undergoing redevelopment, experience dramatic increases to property values that result in proportional increases to property tax values. Longtime homeowners who wish to stay in their neighborhood may struggle to keep up with rising costs. These residents can be helped through a property tax exemption or deferral program to reduce the risk of displacement. The Washington State Department of Revenue offers [programs for property tax exemptions or deferrals](#) for qualified low-income households, senior citizens, and disabled persons.

The City could also establish an affordable housing deferred loan or shared equity program where the eligible homeowner's house is acquired then sold-back to the homeowner under terms that the homeowner can afford without spending greater than 30 percent of household income on housing costs. This also poses an opportunity to create terms that would ensure the unit remains affordable even if resold. The refinancing packages could be funded by the housing trust fund encouraged in Action 2.5.

Income levels served:	80% AMI and below
Geographic scale:	Citywide
Renters or homeowners:	Homeowners



## **action 2.3** improve tracking and monitoring of existing subsidized and unsubsidized affordable housing

Affordable housing units typically have term limits that allow the unit’s affordability component to expire, causing the unit to become market-rate. Without a dynamic system in place that tracks when a program is set to expire, it is difficult to maintain an appropriate balance of affordable and market-rate housing. This action encourages the creation of a system that tracks properties at-risk of losing their affordability, due to expiring subsidies, opting out of local programs like a multifamily tax exemption program (if adopted by Arlington), or higher rents. The system can better assist the City and its partners to understand when and where subsidies are scheduled to expire and market conditions are changing (which could affect unsubsidized affordable properties). With this information, the City can work directly with individual property owners to understand their needs and either provide funding, public or private, or technical assistance. While the City is developing a more robust inventory and tracking system, it can use publicly available data from public sources, like the [National Housing Preservation Database](#), to track federally subsidized properties in the immediate-term.

Income levels served:	All, if including unsubsidized affordable properties
Geographic scale:	Citywide
Renters or homeowners:	Both

## action 2.4 expand tenants' protections through a comprehensive policy

Arlington should adopt a comprehensive policy that expands the rights of tenants, especially as the number of renters in the city increases. A comprehensive policy to enhance tenants' protections should:

- Extend notice periods for rent increases; lease terminations; and the need to vacate due to renovations.
- Prohibit discrimination based on source of income.
- Require landlords to provide a summary of rights and past code violations to tenants.
- Create an option to pay security deposits and last month's rent in installments.
- Establish a relocation assistance program.

If this policy is adopted, the City of Arlington should partner with community-based organizations to educate tenants and landlords of their rights and responsibilities. The City could also explore ways of providing funds to the community-based organizations to serve as landlord-tenant liaisons that can enforce the policy. Money could be supplied from a housing trust fund (encouraged in Action 2.5). The trust fund could also be used to establish the relocation assistance program.

Income levels served:	All
Geographic scale:	Citywide
Renters or homeowners:	Renters

## action 2.5 create a housing trust fund

The City of Arlington and its partners will need reliable access to funding in order to preserve housing at-risk of converting to market-rate rents. Having this funding will help public and mission-driven organizations act fast to stabilize a subsidized or otherwise affordable property. This action encourages a preservation fund, a dedicated source of funding that the City and its partners can use to acquire properties or offer low-interest financing to keep rents stable, make property improvements, and extend or attach affordability periods to these properties. This fund will ensure expiring units, along with unsubsidized affordable properties, are not lost due to deteriorating property conditions, expiring subsidies, or subsidy opt-outs. In many communities, private developers, financial institutions, or philanthropic foundations (or a combination of these entities) have led development of this type of fund.

This fund can be supplemented by tapping into existing funding sources for affordable housing. The [Washington State Housing Trust Fund](#) provides amortized loans, deferred loans, and recoverable grants to local governments to support projects that acquire, build and/or rehabilitate affordable housing. [Community Development Block Grant \(CDBGs\) programs](#) provide federal funds to cities for projects that improve the economic, social, and physical environment. One of the allowable uses of CDBG funding is housing rehabilitation. The [Snohomish County Affordable Housing Trust Fund](#) provides funds to housing projects in the county that are affordable to households with incomes at or below 50 percent of AMI. Snohomish County also has the [HOME Program](#) which distributes funds for multiple housing activities including transitional housing and permanent rental housing, tenant-based rental assistance, home rehabilitation assistance for homeowners, and home purchase assistance. All HOME-assisted units must provide housing for households with incomes of less than 80 percent of AMI, and for certain activities, a portion of the funds must provide housing for households with less than 50 percent of AMI.

Other options for funding a housing trust fund include a property tax levy, sales tax levy, and/or the imposition of a real estate excise tax. Each of these would require voter approval, so a campaign demonstrating the housing need would likely be necessary. Once the housing trust fund is created, outreach to existing property owners and local nonprofits should occur regarding the use of this resource. Lastly, a dedicated housing trust fund is flexible and could be used for more than just the preservation of affordable housing. Cities can structure their funds as either grants or revolving loans to fund a range of activities, including support services, rental production, and homeownership. There are other actions within this plan that reference the housing trust fund.

Income levels served:	80% AMI and below
Geographic scale:	Citywide
Renters or homeowners:	Renters

## STRATEGIC OBJECTIVE III

### address the housing needs of everyone

This final strategic objective primarily focuses on ensuring Arlington can support or encourage housing opportunities for households who are the least advantaged. While the housing action plan itself seeks to promote an increased housing supply and overall housing affordability in Arlington, this objective recognizes that for some households, opportunities for shelter are extremely limited or even nonexistent. In most instances, housing that is affordable to the lowest income households (50 percent of AMI and below) cannot be provided without public subsidies. To support housing opportunities for these households, Arlington should implement a combination of coordinated strategies.

The City must explore solutions for those households or persons experiencing homelessness. Arlington should tap into existing county and state resources and seek out partnerships with interested community-based organizations.

Arlington should work to reduce the affordable housing barriers for which it is responsible. This could be achieved through the streamlining of permitting processes that raise the cost of housing development or by creating fee waivers for the development of housing that is strictly affordable. The City can also assess publicly owned land to see if there are opportunities for donating or discounting vacant land or reusing underutilized land for affordable housing development.

## action 3.1 leverage publicly and partner-owned land for public housing

Arlington should examine whether surplus or underutilized land it or other local public agencies own may be suitable for housing development. Washington law allows public agencies to discount or gift land they own for “public benefit,” which is defined as affordable housing (up to 80 percent of AMI). The agencies need to adopt rules to regulate the transfer of property. The land disposition policy should clearly outline its goals for use of publicly owned land, including creating a priority for affordable housing development. The policy should also articulate a consistent process for developers to access publicly owned land and surplus property.

Before creating the policy, staff should inventory publicly owned available lands that may meet criteria for donation and assess environmental or other constraints that may inhibit project suitability prior to site selection. This inventory could also assess brownfields. The Washington Department of Ecology provides [Integrated Planning Grants](#) to local governments to investigate and plan cleanup properties that have potential for affordable housing development.

Arlington could also study how to adapt vacant and abandoned properties into affordable housing. After buildings become disused or abandoned, adaptive reuse can be an effective way to put new uses into existing buildings, reusing existing infrastructure and preserving historic assets. Cities or agencies can help to assemble vacant properties and coordinate a sale to developers or non-profit organizations to develop affordable housing. This process of assembling is called land banking and often includes resolving ownership issues and/or addressing tax liens or land encumbrances that otherwise deter developers from pursuing these properties. Lastly, the City should review land owned by the school district or churches/service groups. School district-owned land can be leased for affordable housing, and a recently passed state law removed recapture provisions for school district-owned land when used for affordable housing. As service groups and churches membership changes, they may be contemplating a divestment of their property and could be interested in providing the property for a benevolent use.

Income levels served:	80% AMI and below
Geographic scale:	Citywide
Renters or homeowners:	Both

## action 3.2 create incentives to develop affordable housing

[The Mixed Use Development \(MXD\) Regulations](#) in Arlington is already one tool the City has implemented that incentivizes affordable housing by allowing an increase in building height or a reduction in parking requirements for affordable housing developments. However, the City should expand these requirements or adopt more incentives.

Instead of voluntary incentives, an inclusionary zoning ordinance requires that all new construction within a specified zone include income-restricted units. A city or county can define the percentage of units that must be subject to affordability requirements, as well as the target income level for affordability. Some communities offer an “in lieu” payment option as an alternative mode of compliance. The payment can be put into the housing trust fund, encouraged in Action 2.5, for use by the City in supporting affordable housing production elsewhere. Washington requires cities that establish inclusionary zoning to provide increases in residential capacity through zoning changes, bonus densities, height and bulk increase, parking reductions, or other regulatory changes or incentives. The goal is to partially or totally offset the costs of including affordable units with the potential increase in returns from additional height and density.

Another incentive is a multifamily tax exemption (MFTE), which is a waiver of property taxes to encourage affordable housing production and redevelopment in “residential targeted areas” designated by cities. The goal of MFTE programs is to address a financial feasibility gap for desired development types in the target areas, specifically to develop sufficient available, desirable, and convenient residential housing to meet the needs of the public. MFTE programs are designed to encourage denser growth in areas with the greatest capacity and significant challenges to development feasibility. The MFTE could be paired with inclusionary zoning to improve the financial feasibility of a project under affordability requirements. Cities can even limit MFTEs specifically to projects that solely contain income-restricted units to encourage affordability most effectively.

Income levels served:	50% AMI and below
Geographic scale:	Targeted, priorities can be created for areas with anticipated growth
Renters or homeowners:	Renters



## action 3.3 explore innovative, low-cost housing solutions to serve people experiencing homelessness

Homelessness within Snohomish County and the Puget Sound Region is becoming increasingly pervasive and visible. Creating units for persons experiencing homelessness is a critical piece of helping more people move into permanent homes. New housing production from other actions are intended to help provide more homes for persons experiencing homelessness, at least in part.

There are other housing solutions that can supplement these units and be provided more quickly to meet changing demands among the region's homeless population at any given time. One solution is tiny homes, which refer to detached dwelling units generally between 150 and 400 square feet. They provide shelter, privacy, and limited secure storage space for small households at a relatively low cost compared to most other housing types. In recent years, the Washington State Legislature has passed multiple bills that make these low-cost, low-impact units more feasible. [Engrossed Substitute Senate Bill 5383](#) expanded the subdivision statute to allow the creation of tiny house villages and stops cities from prohibiting tiny houses in manufactured/mobile home parks. Arlington could adapt its code to allow tiny houses as an affordable housing option that is in line with community desires for sustainability, limited visual impact, and preservation of open space. It should be noted that a growing number of cities in Washington have pursued tiny house villages as a temporary housing solution for homeless individuals.

The Washington State Department of Commerce (Commerce) has the [Consolidated Homeless Grant](#) program. The program provides resources to fund homeless crisis response systems to support communities in ending homelessness. Grants are made to local governments and nonprofits. Homeless crisis response systems respond to the immediacy and urgency of homelessness and make sure that everyone has a safe and appropriate place to live.

Another Commerce program is the [Emergency Solutions Grant](#) program. The program utilizes federal funds to support communities in providing street outreach, emergency shelter, rental assistance, and related services. This program provides resources for adults and families with children experiencing or at-risk of homelessness.

The [Continuum of Care \(CoC\) Program](#) is a HUD program. The Snohomish County Office of Community and Homeless Services (OCHS) administers grants to eligible organizations and is responsible for CoC planning activities, which address the housing and services needs for people who are experiencing or at-risk of homelessness.

In many communities, housing solutions for homelessness have been generated and implemented by local nonprofits or faith-based institutions, often using more creative funding sources, like crowdsourcing on websites or gathering private sponsorship for each home. Arlington could develop a pilot program to encourage local organizations to pursue these types of solutions.

Income levels served:	30% AMI and below
Geographic scale:	Citywide
Renters or homeowners:	Renters

## **action 3.4** create consistent standards for fee waiver eligibility and resources to offset waived fees

Fee waivers reduce the up-front cost of construction for residential development. Fees, such as impact fees, utility connection fees and project review fees, can add an extensive amount to the cost of development of residential units. Waiving some, or all, of these fees for income-restricted units can be a valuable incentive for encouraging the creation of income-restricted affordable units.

Arlington should establish a process to support fee waiver policies for affordable housing. This could be done by creating standard guidelines that identify which affordable housing properties are eligible for fee waivers, a schedule to determine what portion of fees can be waived, and a formal application process for interested developers to request these funds. Outreach should be conducted to ensure developers are aware of these incentives.

Another way to lower the cost of development, for both affordable and market-rate units, is to streamline the permit process. Providing an efficient, predictable, and user-friendly permitting process can encourage new housing construction by reducing potential confusion or perception of risk among developers as well as lowering their administrative carrying costs. The City should conduct a review of its permitting process and procedures to ensure they are straightforward and not overly burdensome. The City could also set up a process for expediting review for certain types of development the community wishes to encourage, such as infill development or affordable housing. The City should also modify its permissible uses table to allow housing for people with special needs to be permitted outright in residential zones instead of needing to go through the conditional use permit process. These allowances could be paired with an update to the development standards of these uses to ensure any conditions to mitigate impacts are already specified in the code.

Income levels served: 80% AMI and below

Geographic scale: Citywide

Renters or homeowners: Both

# IMPLEMENTATION PLAN

To effectively achieve the goals of the HAP, Arlington requires an implementation plan. The implementation plan establishes steps to achieve action. The steps are combined with specified timelines, methods of implementation, lead departments within the City, and assisting departments and organizations.

The timelines are split into three categories: near-term (0 – 2 years); medium-term (3 – 5 years); and long-term (6 – 10 years). Generally, the actions are assigned timelines based on City priority and level of effort required for implementation, which is determined by existing resources and the City’s estimated financial commitment. Actions within the first strategic objective are top priority for implementation followed by actions in the second then the third.

The methods of implementation are divided into three action types: administrative; legislative; and partnership development. Each action type denotes who will be primarily involved in implementation. Administrative actions can be performed by City of Arlington departments. Legislative actions will require Arlington City Council approval. Actions that involve partnership development will be implemented through partnerships with community organizations and other local stakeholders.

Action	Next Steps	Timeline	Method of Implementation	Lead Department	Assisting Departments or Organizations	
<b>STRATEGIC OBJECTIVE 1: EXPAND OPPORTUNITIES FOR HOUSEHOLDS TO WORK, LIVE, AND PLAY LOCALLY</b>						
1.1	Explore potential of the East Hill Master Planned Neighborhood Overlay to offer affordable housing	• Commission a study to explore the potential of the East Hill Master Planned Neighborhood Overlay to offer affordable housing options.	Near-term (0 - 2 years)	Administrative	Community & Economic Development	• Arlington City Council
1.2	Encourage more diverse types of housing development.	• Expand the allowance of "missing middle" housing types throughout the city. • Create a program to encourage the development of "missing middle" housing	Near-term (0 - 2 years)	Legislative/ Administrative	Arlington City Council	• Community & Economic Development • Local and regional developers
1.3	Use value capture to generate and reinvest in neighborhoods experiencing increased private investment.	• Explore value capture techniques to leverage economic growth created from private investments and lower overall development costs. • Use value capture techniques to promote the production of more affordable housing.	Medium-term (3 - 5 years)	Administrative	Community & Economic Development	• Finance • Public Works • Arlington City Council
1.4	Increase participation in existing first-time homebuyer programs and resources for new homebuyers.	• Create homeownership programs for first-time homebuyers. • Work with local employers to develop employer-assisted housing programs.	Medium-term (3 - 5 years)	Administrative/ Partnership Development	Community & Economic Development	• Washington State Housing Finance • Large-scale employers
1.5	Create a process to coordinate public investments, like capital improvements, with affordable activities to	• Create a process to coordinate public investments with affordable housing activities to help ease the cost of offsite improvements for developers. • Assess the combability of integrating affordable housing into capital improvements for community facilities.	Medium-term (3 - 5 years)	Administrative	Public Works	• Community & Economic Development
<b>STRATEGIC OBJECTIVE 2: PRESERVE COMMUNITY AND CHARACTER</b>						
2.1	Preserve Arlington's sense of place.	• Monitor the success of the Mixed Use Development Regulations and consider expanding them. • Explore how a more extensive form-based code with design guidelines reflective of the community's values can lead to favorable infill development, particularly in Old Town.	Near-term (0 - 2 years)	Administrative/ Legislative	Community & Economic Development	• Arlington City Council • Local and regional developers
2.2	Target existing resources to improve the livability of existing owner-occupied homes.	• Better connect residents to existing resources. • Elevate programs to help cost-burdened homeowners such as: need-based rehabilitation assistance; foreclosure intervention counseling; or property tax exemption or deferrals. • Review feasibility of establishing an affordable housing deferred loan or shared equity program.	Near-term (0 - 2 years)	Administrative	Community & Economic Development	• Finance • Local and regional nonprofits
2.3	Improve tracking and monitoring of existing subsidized and unsubsidized affordable housing.	• Create a system that can track properties at-risk of losing their affordability. • Create a program to connect the owners of the at-risk properties with resources for preserving the affordability.	Near-term (0 - 2 years)	Administrative	Community & Economic Development	• Housing Consortium of Everett & Snohomish County • Property owners
2.4	Expand tenants' protections through a comprehensive policy.	• Adopt a comprehensive policy to expand tenants' protections. • Partner with a community-based organization to educate tenants and landlords of their rights and responsibilities.	Medium-term (3 - 5 years)	Legislative/ Partnership development	Arlington City Council	• Housing Authority of Snohomish County • Local and regional nonprofits



2.5	Create a housing trust fund.	<ul style="list-style-type: none"> <li>• Work with local partners to create a preservation fund to maintain affordable properties.</li> <li>• Supplement the fund by tapping into existing funding sources for affordable housing.</li> <li>• Consider whether a tax levy would be supported by residents to also supplement the fund.</li> <li>• Once the fund is created, conduct outreach to existing property owners and local nonprofits about using this resource.</li> <li>• Consider how the fund can be used to finance other actions in the plan.</li> </ul>	Long-term (6 - 10 years)	Legislative/ Partnership development	Arlington City Council	<ul style="list-style-type: none"> <li>• Community &amp; Economic Development</li> <li>• Finance</li> <li>• Local and regional nonprofits</li> <li>• Private financial</li> <li>• Local and regional developers</li> </ul>
<b>STRATEGIC OBJECTIVE 3: ADDRESS THE HOUSING NEEDS OF EVERYONE</b>						
3.1	Leverage publicly and partner-owned land for public housing.	<ul style="list-style-type: none"> <li>• Create an inventory of surplus or underutilized land the city or other local public agencies own that may be suitable for housing development.</li> <li>• If potential land exists, adopt a comprehensive land disposition policy.</li> </ul>	Medium-term (3 - 5 years)	Administrative/ Partnership development	Community & Economic Development	<ul style="list-style-type: none"> <li>• Finance</li> <li>• Arlington Public School District</li> <li>• Faith-based institutions</li> </ul>
3.2	Create incentives to develop affordable housing.	<ul style="list-style-type: none"> <li>• Consider whether inclusionary zoning is feasible for Arlington.</li> <li>• Adopt a multifamily tax exemption, and consider whether it should be limited to projects that solely contain income-restricted units.</li> </ul>	Medium-term (3 - 5 years)	Administrative/ Legislative	Community & Economic Development	<ul style="list-style-type: none"> <li>• Finance</li> <li>• Arlington City Council</li> </ul>
3.3	Explore innovative, low-cost housing solutions to serve people experiencing homelessness.	<ul style="list-style-type: none"> <li>• Explore the feasibility of tiny homes as a solution to serve people experiencing homelessness.</li> <li>• Utilize state-provided framework to regulate hosting the homeless in temporary emergency facilities.</li> <li>• Utilize other county and state resources to support people who are experiencing or at-risk of homelessness.</li> <li>• Partner with community-based organizations to implement housing solutions for homelessness.</li> </ul>	Medium-term (3 - 5 years)	Administrative/ Partnership development	Community & Economic Development	<ul style="list-style-type: none"> <li>• Local and regional nonprofits</li> <li>• Housing Authority of Snohomish County</li> <li>• Faith-based institutions</li> </ul>
3.4	Create consistent standards for fee waiver eligibility and resources to offset waived fees.	<ul style="list-style-type: none"> <li>• Create consistent standards for fee waiver eligibility for income-restricted units.</li> <li>• Streamline the permit process for affordable units.</li> <li>• Conduct outreach to affordable housing developers about available resources and selection process.</li> </ul>	Long-term (6 - 10 years)	Administrative/ Partnership development	Community & Economic Development	<ul style="list-style-type: none"> <li>• Finance</li> <li>• Public Works</li> <li>• Local and regional developers</li> </ul>

# MONITORING PROGRAM

Some of the actions within the strategic objectives are meant to be ongoing or are actions Arlington should consider in the long-term, focusing their attention on actions that should be developed in the short-term. While these long-term actions are meant to be fully implemented in about 6 – 10 years, the City can begin monitoring the indicators listed for each action immediately. This will allow the City to have a baseline measurement from which to judge progress and results achieved of the longer term actions.

Aside from tracking when implementation steps within each action is completed, Arlington will also monitor and evaluate outcomes of the HAP through performance indicators. These indicators will be measured annually to show whether the desired results of the HAP are being achieved.

Findings should be provided every three years in a report that describes progress toward implementation, the factors that led to a success, obstacles experienced, and recommendations for revisions and additions to the HAP. The Community & Economic Development department should produce the first HAP implementation and monitoring report in 2024.



Action	Performance Indicators
<b>STRATEGIC OBJECTIVE 1: EXPAND OPPORTUNITIES FOR HOUSEHOLDS TO WORK, LIVE, AND PLAY LOCALLY</b>	
1.1 Explore potential of the East Hill Master Planned Neighborhood Overlay to offer affordable housing options.	<ul style="list-style-type: none"> <li>● Number of affordable units built in East Hill</li> </ul>
1.2 Encourage more diverse types of housing development.	<ul style="list-style-type: none"> <li>● Number of issued building permits for "missing middle" housing and ADUs</li> </ul>
1.3 Use value capture to generate and reinvest in neighborhoods experiencing increased private investment.	<ul style="list-style-type: none"> <li>● Number of value capture techniques implemented</li> <li>● Number of units directly or indirectly produced as a result of value capture</li> </ul>
1.4 Increase participation in existing first-time homebuyer programs and resources for new homebuyers.	<ul style="list-style-type: none"> <li>● Number of first-time homebuyers</li> <li>● Jobs-to-housing ratio</li> <li>● Number of units created through employer assistance</li> </ul>
1.5 Create a process to coordinate public investments, like capital improvements, with affordable activities to reduce the overall cost of development.	<ul style="list-style-type: none"> <li>● Number of units directly or indirectly produced as a result of a coordinated public investment</li> </ul>
<b>STRATEGIC OBJECTIVE 2: PRESERVE COMMUNITY AND CHARACTER</b>	
2.1 Preserve Arlington's sense of place.	<ul style="list-style-type: none"> <li>● Number of code enforcement violations related to homes falling in disrepair</li> <li>● Foreclosures</li> <li>● Ratio of renters to homeowners across City subareas</li> </ul>
2.2 Target existing resources to improve the livability of existing owner-occupied homes.	<ul style="list-style-type: none"> <li>● Number of code enforcement violations related to homes falling in disrepair</li> <li>● Foreclosures</li> <li>● Ratio of renters to homeowners across City subareas</li> </ul>
2.3 Improve tracking and monitoring of existing subsidized and unsubsidized affordable housing.	<ul style="list-style-type: none"> <li>● Number of affordable housing units based on affordability timelines and expirations</li> </ul>
2.4 Expand tenants' protections through a comprehensive policy.	<ul style="list-style-type: none"> <li>● Protection policies adopted</li> <li>● Number of evictions</li> </ul>
2.5 Create a housing trust fund.	<ul style="list-style-type: none"> <li>● Number of affordable housing units</li> <li>● Contributions and sources to housing trust fund</li> <li>● Number of units/households directly served by the housing trust fund</li> </ul>
<b>STRATEGIC OBJECTIVE 3: ADDRESS THE HOUSING NEEDS OF EVERYONE</b>	
3.1 Leverage publicly and partner-owned land for public housing.	<ul style="list-style-type: none"> <li>● Number of units created on vacant or underutilized land</li> </ul>
3.2 Create incentives to develop affordable housing.	<ul style="list-style-type: none"> <li>● Number of cost-burdened households</li> <li>● Number of affordable housing units</li> </ul>
3.3 Explore innovative, low-cost housing solutions to serve people experiencing homelessness.	<ul style="list-style-type: none"> <li>● Number of people experiencing homelessness</li> </ul>
3.4 Create consistent standards for fee waiver eligibility and resources to offset waived fees.	<ul style="list-style-type: none"> <li>● Permit processing timelines</li> <li>● Number of units produced through fee waivers</li> <li>● Self-reported development costs from local developers</li> </ul>

## APPENDIX A: AFFORDABLE HOUSING GLOSSARY

**Affordable housing:** Housing is typically considered to be affordable if total housing costs (rent, mortgage payments, utilities, etc.) do not exceed 30 percent of a household's gross income

**AMI:** Area Median Income. The benchmark of median income is that of the Seattle-Bellevue, WA HUD Metro Fair Market Rent Area median family income, also sometimes referred to as the HAMFI. The 2018 AMI, which was \$103,400, is used in this report. This measure is used by HUD in administering its federal housing programs in Snohomish County.

**Cost-burdened household:** A household that spends more than 30 percent of their gross income on housing costs.

**Fair Market Rent:** HUD determines what a reasonable rent level should be for a geographic area and sets this as the area's fair market rent. Section 8 (Housing Choice Voucher program) voucher holders are limited to selecting units that do not rent for more than fair market rent.

**Housing Choice Vouchers:** Also referred to as Section 8 Vouchers. A form of federal housing assistance that pays the difference between the Fair Market Rent and 30 percent of the tenant's income. HUD funds are administered by Public Housing Agencies (PHA).

**Median income:** The median income for a community is the annual income at which half the households earn less and half earn more.

**Severely cost-burdened household:** A household that spends more than 50 percent of their gross income on housing costs.

**Subsidized housing:** Public housing, rental assistance vouchers like Section 8, and developments that use Low-Income Housing Tax Credits are examples of subsidized housing. Subsidized housing lowers overall housing costs for people who live in it. Affordable housing and subsidized housing are different, even though they are sometimes used interchangeably.

**Workforce rental housing:** Workforce rental units have rents which are set in order to be affordable to households at certain income levels. While a household may need to have income below a certain level to apply for a workforce rental unit, the rent level does not adjust to their actual income. A property may feature units with rents affordable to households with 50% AMI, but a household earning 30% AMI would still have to pay the same rent.

# APPENDIX B: HOUSING NEEDS ASSESSMENT



HOUSING  
NEEDS ASSESSMENT

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**CITY OF ARLINGTON**

MARCH 2020



**BLUELINE**

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# EXECUTIVE SUMMARY

The Puget Sound Region has experienced extreme growth in the last decade. First, pressure was put on the major cities like Seattle and Tacoma, but this growth has now spread to smaller cities in the region such as Arlington. The rapid development has confronted cities with a multitude of complex challenges mainly in residential capacity and housing affordability for all income levels.

As of 2019, Arlington's total population was 19,740 with 7,254 housing units<sup>1</sup>. With a total of 9,654 housing units needed to accommodate a population of 26,390 by 2040<sup>2</sup>, the City of Arlington will need to focus on providing a variety of housing options in order to meet the population's diversifying needs. Arlington's household median income is \$76,000, which is 9.2% less than Snohomish County at large and 27% less than the Seattle-Bellevue area<sup>3</sup>. Because of this, allowing for more economic flexibility within the City's housing stock should be a major priority.

Over one-third of Arlington's population is cost-burdened meaning those households pay more than 30% of their household income on housing costs<sup>4</sup>. Throughout this document, cost-burden and affordability are closely tied. In measuring affordability, housing costs are deemed unaffordable if they exceed more than 30% of the household's income. While the share of cost-burdened households is down since the last Housing Profile was released in 2015, there is still a significant portion of the population whose needs are not being met. In Arlington, low-income households, defined as those making less than 80% Area Median Income (AMI), are disproportionately burdened by their housing costs, as 88% of cost-burdened households are low-income and 100% of severely cost-burdened households are low-income<sup>5</sup>.

**Table 1. Summary of Arlington by the Numbers, 2018.**

<b>Population</b>	19,154
<b>Total households</b>	7,083
<b>Cost-burdened households</b>	35%
<b>Households earning less than 50% AMI</b>	33%
<b>Median household income</b>	\$76,097
<b>Minimum income to afford 2018 median home sale<sup>6</sup> and not be cost-burdened</b>	\$74,862
<b>Section 8 housing choice vouchers</b>	41
<b>Other dedicated subsidized housing units</b>	188
<b>Workforce housing units</b>	967
<b>Total renter-occupied housing units</b>	2,462
<b>Total owner-occupied housing units</b>	4,261
<b>Total vacant housing units</b>	384

<sup>1</sup> OFM Population Estimates, 2019

<sup>2</sup> PSRC Land Use Vision Version 2, 2017; OFM Population Estimates, 2019.

<sup>3</sup> 2018-2014 American Community Survey 5-year estimates

<sup>4</sup> 2018-2014 American Community Survey 5-year estimates

<sup>5</sup> HUD Comprehensive Housing Affordability Data, 2016 (extrapolated to 2018)

<sup>6</sup> Snohomish County Assessor Property Sales Data, 2018.

Of Arlington's occupied housing units, 35% are renter-occupied and 65% are owner-occupied<sup>7</sup>. In looking more closely at renters, 71% of renters in Arlington are considered low-income and 49% are cost-burdened. As for Arlington's homeowners, 34% are considered low-income and 28% are cost-burdened. In Arlington, the number of cost-burdened households falls significantly as income levels rise. This is especially true for renters, as the percent of homeowners that are cost-burdened falls more gradually as income levels rise<sup>8</sup>. In evaluating the affordability of rental costs for households in Arlington, overall rental housing is affordable to all households earning above 50% of the AMI. However, rental housing becomes less affordable to households earning below 50%, especially as bedroom count rises.

In 2018, the Snohomish County Assessor reported that Arlington's median home sale price was \$357,000. Assuming a 20% down payment and a mortgage interest rate of 4.58, the lowest monthly ownership cost, with a 30-year fixed loan, for the median home sale price would be \$1,872. For a household to afford this monthly cost, and not be cost-burdened, an annual income of \$74,862 is required, about \$1,200 less than the median income. The majority of homes sold were generally affordable to those making 51% or above of the AMI. The 2014 Housing Profile observed that it may be likely that smaller households are purchasing larger homes simply since there is a very small share of units that are less than three bedrooms. While home-ownership appears affordable to a wide range of income levels, there are a number of aspects of homeownership that are not accounted, such as a lack of financing or a down payment.

Arlington has a subsidized housing stock of 229 units and an additional 967 units that are considered affordable workforce housing<sup>9</sup>. However, with 2,311 households earning below 50% of the AMI, the current affordable housing supply is insufficient.

In March of 2015, when Arlington published their first local housing profile, the City was projected to need an additional 2,725 housing units by 2035, but only had enough capacity for 2,564 units. At that time, most of the current capacity existed in parcels that were either partially used, had developmental barriers or had experienced inconsistent development patterns compared to vacant land. The previous housing profile also revealed that 37% of the projected housing units will need to serve households that are at or below 50% AMI. This means that while Arlington has a capacity deficit to address, the City will also need to be cognizant that the needs of the expected low-income population will also need to be met. Since the March 2015 Housing Profile, the remaining target to be built between 2020-2035 is 1,235 housing units. Properly planning for the remaining units, and future population growth through 2050 has become a major priority for the City of Arlington, to not only reach growth targets, but increase and maintain affordability for all income levels throughout the City.

In the fall of 2019, the City of Arlington applied for and secured grant funding, provided by E2SHB 1923, to write a housing action plan. The goals of the plan are to take account of the existing housing needs with the city and to devise strategies to meet those demands. This report fulfills the first goal and serves as the Housing Needs Assessment. The assessment reveals the current social and economic characteristics of Arlington's residents and delves into the affordability issues with which they are confronted. The last portion of the document contains an evaluation of the City's Housing Element from the 2017 Comprehensive Plan update. This provides a measurement of the implementation of the goals and policies of the element so far and gives insight for how to define the focus for the next housing element update.

<sup>7</sup> 2018-2014 American Community Survey 5-year estimates

<sup>8</sup> HUD Comprehensive Housing Affordability Data, 2016 (extrapolated to 2018).

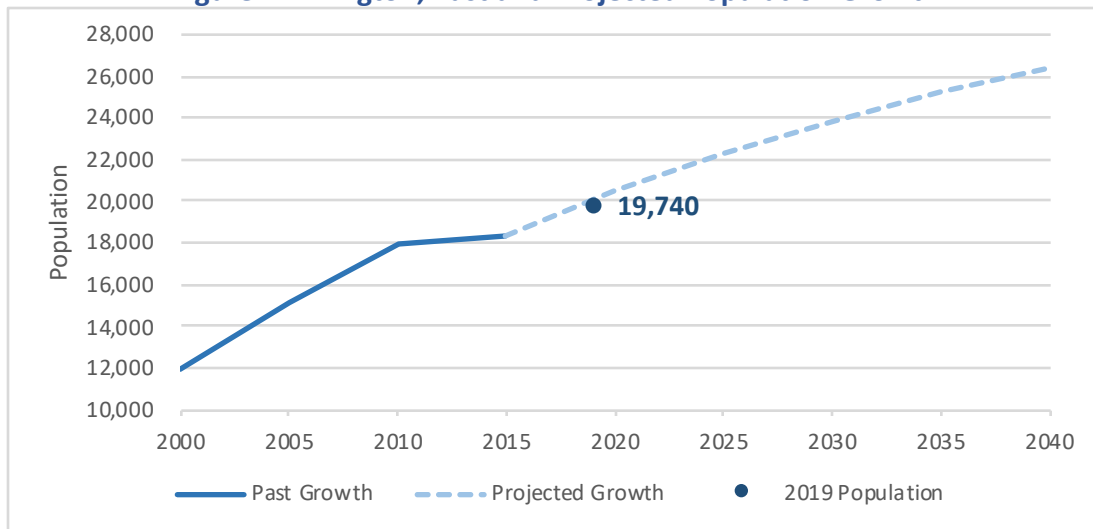
<sup>9</sup> Data provided by City of Arlington and Housing Authority of Snohomish County



# POPULATION & DEMOGRAPHICS

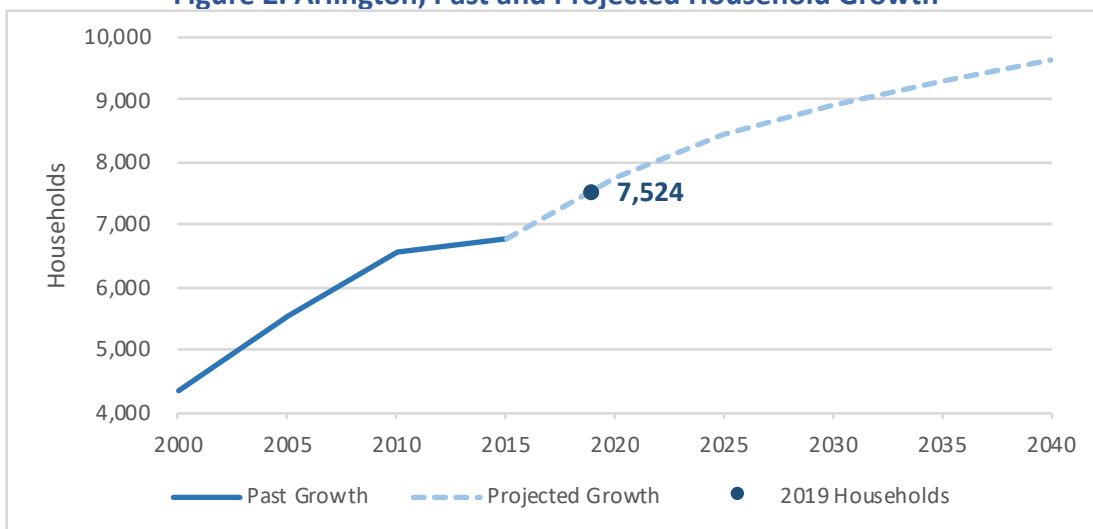
To better understand Arlington’s housing needs, it is critical to understand the dynamics of Arlington’s population first. The City last created a housing profile in 2014 (published in 2015) when the population was 18,360<sup>10</sup>. As of 2019, Arlington is home to 19,740 people representing a 7.5% increase<sup>11</sup>. By 2040, Arlington’s population is expected to exceed 26,000 residents, a 33.7% increase over today’s population, as shown in Figure 1<sup>12</sup>.

**Figure 1. Arlington, Past and Projected Population Growth**



Source: PSRC Land Use Vision Version 2, 2017; OFM Population Estimates, 2019.

**Figure 2. Arlington, Past and Projected Household Growth**



Source: PSRC Land Use Vision Version 2, 2017; OFM Population Estimates, 2019

<sup>10</sup> OFM population estimate 2014

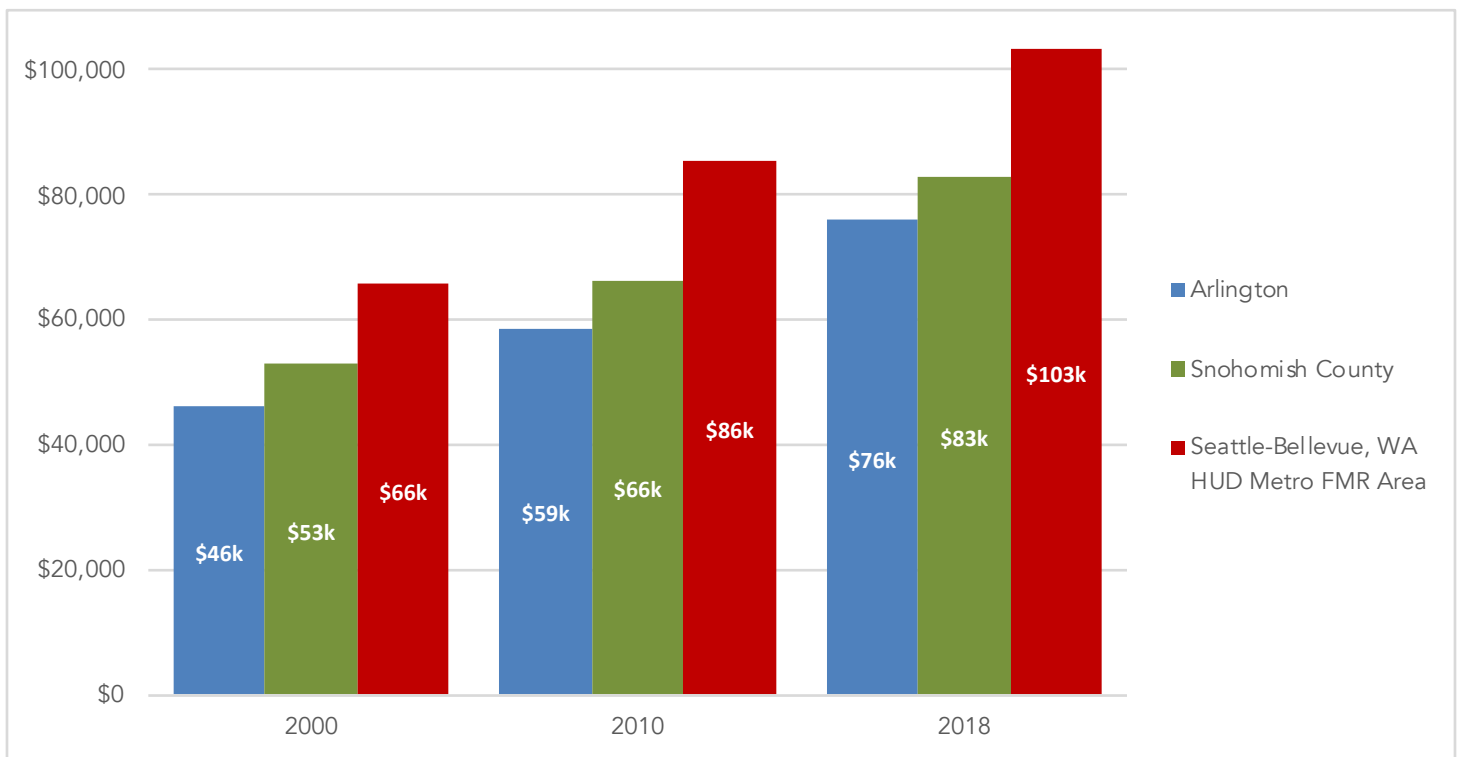
<sup>11</sup> OFM population estimate 2019

<sup>12</sup> PSRC Land Use Vision Version 2, 2017; OFM Population Estimates, 2019.

With continued steady growth expected in the coming years, the City will need to focus its attention on providing adequate housing for the incoming population. By 2040, it is expected there will be 9,654 households in Arlington (see Figure 2)<sup>13</sup>. Arlington's growth target between 2010-2035, directed by Snohomish County, called for an additional 2,723 units<sup>14</sup>. At the end of 2019, 1,488 units have been built since 2010<sup>15</sup>. This leaves a remainder of 1,235 that need to be built between 2020-2035 in order to meet the City's current growth target.

In order to better plan for these households, it is important to examine who is currently living within these households. As of 2018, there are 7,083 households in Arlington<sup>16</sup>. Of those households, 71% of them are families and 32% are families with children under the age of 18<sup>17</sup>. Snohomish County is quite similar to Arlington, where 69% of the households are families and 30% are families with children under the age of 18. Household and family size are also similar between Arlington and Snohomish County, both having an average household size of close to 2.7 and an average family size of nearly 3.2<sup>18</sup>.

**Figure 3. Arlington, Snohomish County, and Seattle-Bellevue, WA HUD Metro Fair Market Rent Area, Median Household Income, 2000 – 2018**



Source: 2018 – 2014 ACS 5-year estimates; 2010 – 2006 ACS 5-year estimates; 2000 Census; 2018, 2010, and 2000 HUD Income Limits.

As shown in Figure 3, Arlington's median household income has trailed Snohomish County's median household income consistently since 2000. In 2018, Arlington's households were making about \$7,000 less than Snohomish County households.

13 PSRC Land Use Vision Version 2, 2017; OFM Population Estimates, 2019

14 Snohomish County 2035 Housing Growth Targets for Cities

15 PSRC Residential Permit Summaries 2011-2017, City of Arlington permit data 2017-2019

16 2018-2014 American Community Survey 5-year Estimates.

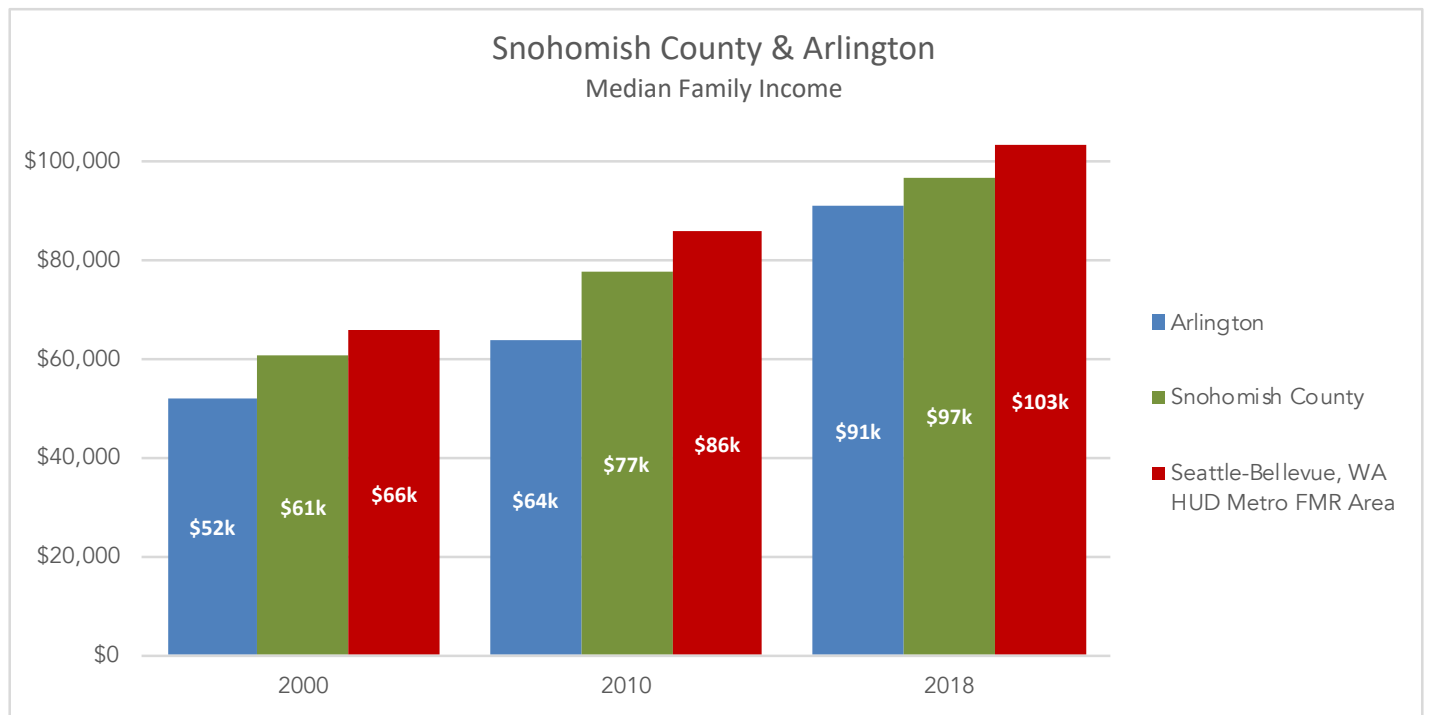
17 2018-2014 American Community Survey 5-year Estimates.

18 2018-2014 American Community Survey 5-year Estimates.

The 2018 U.S. Department of Housing and Urban Development (HUD) AMI for the Seattle-Bellevue, WA Metro Fair Market Rent Area was \$103,400<sup>19</sup>. This is the standard AMI used throughout this report, as most of the data referenced in this report comes from the 2018-2014 American Community Survey 5-year estimates. This AMI is substantially different from the median household incomes reported in both Snohomish County and Arlington. In 2018 the Snohomish County annual median household income was \$82,751, compared to \$76,097 in Arlington<sup>20</sup>. At the county and city level, this represents a 25% increase and 30% increase since 2010, respectively. The Seattle-Bellevue AMI has seen a slightly smaller increase of 21% since 2010.

The differences between the Seattle-Bellevue AMI and Snohomish County and the City of Arlington’s AMI is an important factor in understanding affordability because Furthermore, HUD uses the AMI as its benchmark for its federal housing programs. While Arlington’s median income has increased at a faster rate over the last 10 years than the Seattle-Bellevue area, it is still not enough to close the gap. Often, the discrepancy between HUD’s AMI for the larger metropolitan area and the City’s reported AMI can overestimate what households in the area can actually afford. It is also important to note that the AMI is calculated from the area’s median family income, while organizations use household income to qualify program participants for funding. This exacerbates the affordability issue because the median household income tends to be significantly lower than the median family income. In 2018, the median family income in Arlington was \$15,000 more than median household income. Figure 4 shows the median family income for the City and County compared with the Seattle-Bellevue, WA AMI. Although the discrepancy is less, the AMI is still much higher than the City or County’s median family income.

**Figure 4. Arlington, Snohomish County, and Seattle-Bellevue, WA HUD Metro Fair Market Rent Area, Median Family Income, 2000 – 2018**



Source: 2018 – 2014 ACS 5-year estimates; 2010 – 2006 ACS 5-year estimates; 2000 Census; 2018, 2010, and 2000 HUD Income Limits.

<sup>19</sup> HUD FY 2018 Income Limits Documentation.

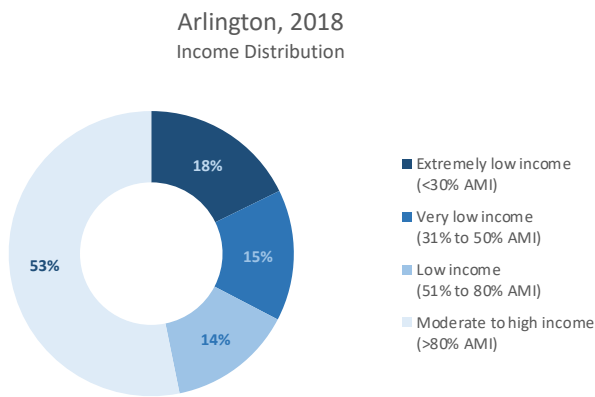
<sup>20</sup> 2018-2014 American Community Survey 5-year Estimates.

In Arlington, 47% of households are low-income, earning 80% or less of the AMI, compared to Snohomish County where 41% of household incomes are considered low-income. Extremely low-income households earn 30% or less of the AMI. In Arlington, 18% of households are considered extremely low-income, while in Snohomish County that number is 14%. Overall, the income distribution as shown in Figures 5 and 6 between the County is similar with Arlington having a slightly higher number of those considered low-income in general<sup>21</sup>.

The percentage of those households considered moderate to high income (80% or above AMI) has decreased from 57% to 53% since 2010<sup>22</sup>. This is on trend with Snohomish County, who saw a 3% decrease between 2010 and 2018 in the moderate to high income range. While the percentage of moderate to high incomes earners was decreasing, the percentage of extremely low-income households was increasing. In Arlington in 2010, 13% of households were extremely low-income and by 2018 that number had risen to 18%. In Snohomish County, a similar situation occurred moving from 10% to 14% between 2010-2018.

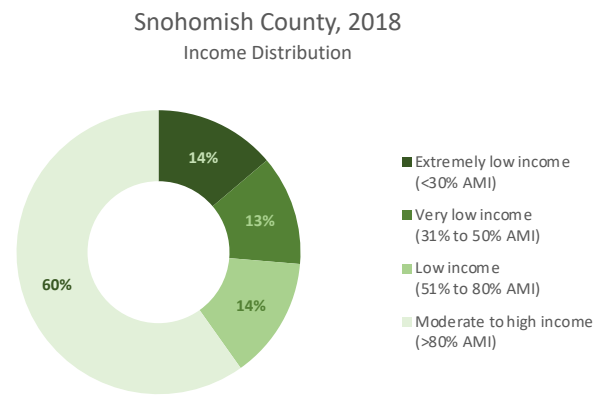
While this data can be useful in understanding the general income distribution within the City, it fails to account for household size. This means that a household that falls within a one of these low-income brackets may have no children or they could have three children. Both of these household would fall within the same bracket, but the household with children is likely to be much more financially constrained. Household size will be accounted for when determining affordability of the existing housing stock later in this report.

**Figure 5. Arlington, Income Distribution, 2018**



Source: 2016 CHAS Data (projected to 2018).

**Figure 6. Snohomish County, Income Distribution, 2018**



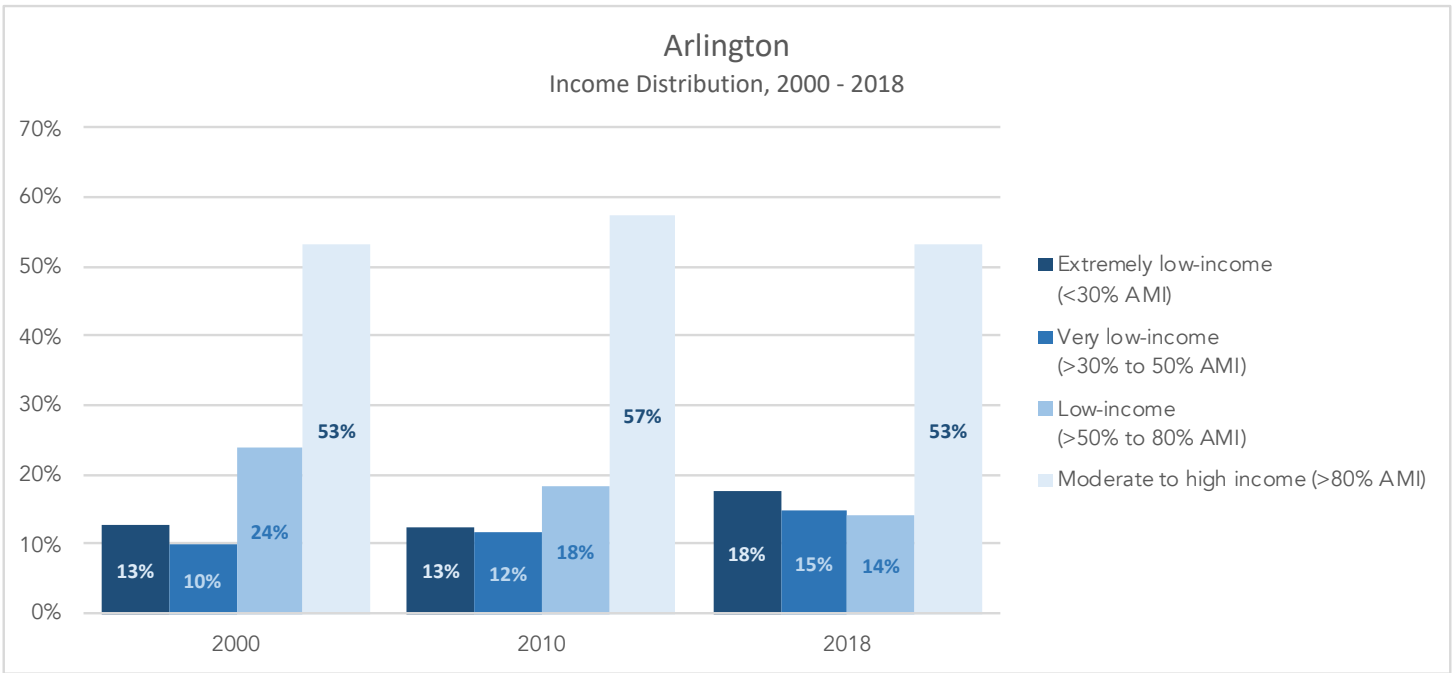
Source: 2016 CHAS Data (projected to 2018).

<sup>21</sup> HUD Comprehensive Housing Affordability Data, 2016. This data has been extrapolated to 2018 as explained in Appendix C.

<sup>22</sup> 2018-2014 American Community Survey 5-year Estimates.

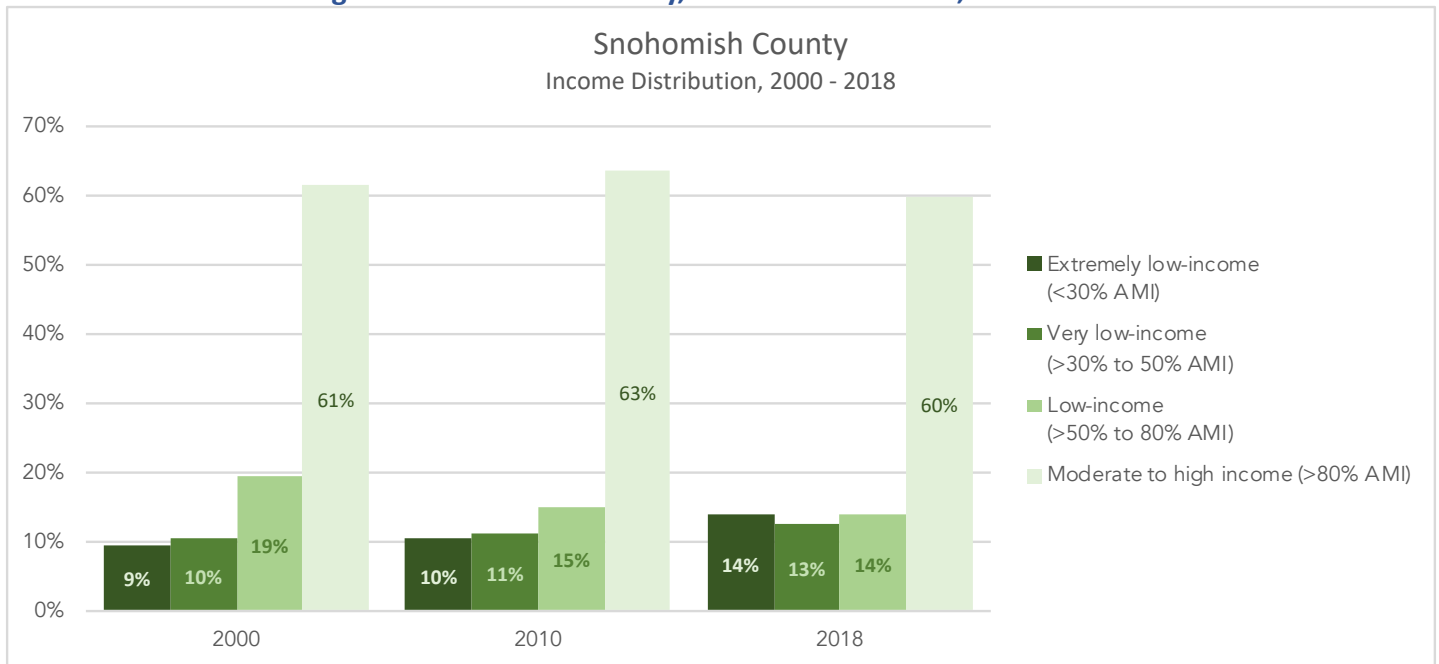
In looking at the breakdown between renters and homeowners, of the renter households in Arlington, 71% of them are low-income while 34% of homeowners in Arlington are low-income. In the County, the percentages are slightly lower, with 63% of renters being low-income and 28% of owners being low-income. This data is shown in Figures 7 and 8.

**Figure 7. Arlington, Income Distribution, 2000 – 2018**



Source: 2016 CHAS Data (projected to 2018); 2010 CHAS Data; 2000 CHAS Data.

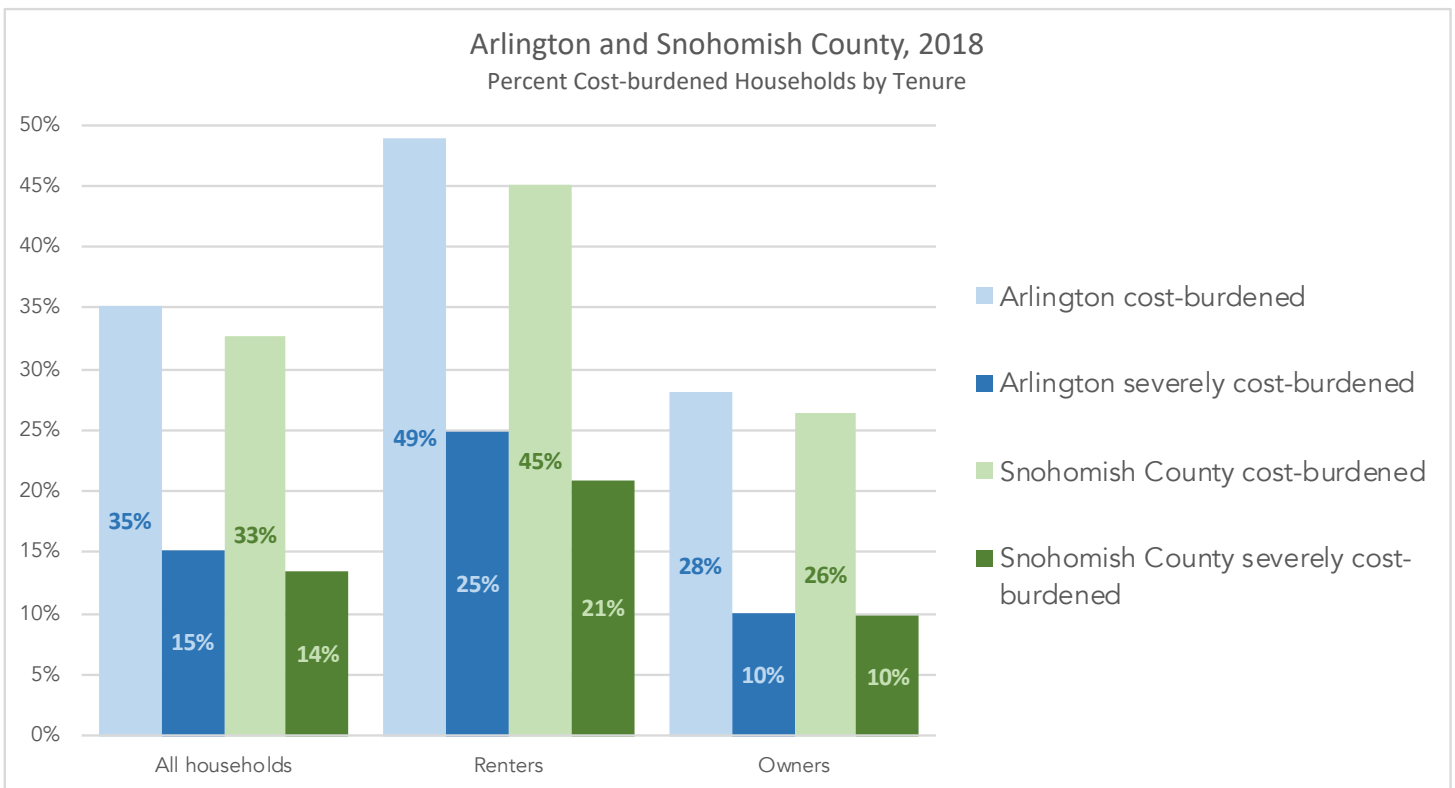
**Figure 8. Snohomish County, Income Distribution, 2000 – 2018**



Source: 2016 CHAS Data (projected to 2018); 2010 CHAS Data; 2000 CHAS Data.

Cost-burdened households are defined as paying 30% or more of their household income on housing costs. Severely cost-burdened is defined as paying 50% or more of the household income on housing costs. Figure 9 shows that in 2018 35% of households in Arlington were cost-burdened, and 15% were severely cost-burdened. Snohomish County is comparable with 33% of households being cost-burdened and 14% being severely cost-burdened. Renters are more likely to be cost-burdened, in both Arlington and Snohomish County overall. In Arlington, 49% of renters are cost-burdened compared to 45% in the County. In contrast, 28% and 26% of owners are cost-burdened in the city and county respectively.

**Figure 9. Arlington and Snohomish County, Percent Cost-burdened Households by Tenure, 2018.**



*Source: 2016 CHAS Data (projected to 2018).*

Tables 2 and 3 shows that housing costs in the area are a significant financial burden for low-income households, especially for the extremely low-income who make less than 30% of the AMI. Seventy-seven percent of extremely low-income households are cost-burdened, and 62% are severely cost-burdened.

When the 2014 housing profile was completed, Arlington renters were more likely to be cost-burdened than in Snohomish County overall. As of 2018, Snohomish County renters were more likely to be cost-burdened, especially renters within the very low (31%-50%) and low income (51%-80%) categories.

However, when looking at cost-burdened data for homeowners, owners are more likely to be cost-burdened in Arlington compared to Snohomish County, with the exception of the very low-income who are severely cost-burdened. Very low-income households who own their home in Snohomish County are more likely to be severely cost-burdened. Overall, cost-burdened households amongst owners and renters improves as income levels rise.

**Table 2. Arlington and Snohomish County, Percent Cost-burdened by Income and Tenure, 2018**

	Renters		Owners		All Households	
	Arlington	Snohomish County	Arlington	Snohomish County	Arlington	Snohomish County
Extremely low-income (<30% AMI)	76%	77%	80%	75%	77%	76%
Very low-income (31-50% AMI)	74%	77%	61%	59%	68%	69%
Low-income (51-80% AMI)	28%	41%	61%	51%	51%	47%
Moderate to high income (>80% AMI)	4%	7%	9%	13%	8%	12%

**Table 3. Arlington and Snohomish County, Percent Severely Cost-burdened by Income and Tenure, 2018**

	Renters		Owners		All Households	
	Arlington	Snohomish County	Arlington	Snohomish County	Arlington	Snohomish County
Extremely low-income (<30% AMI)	62%	61%	63%	58%	62%	60%
Very low-income (31-50% AMI)	12%	22%	27%	32%	19%	27%
Low-income (51-80% AMI)	0%	3%	14%	14%	10%	9%
Moderate to high income (>80% AMI)	0%	1%	0%	1%	0%	1%

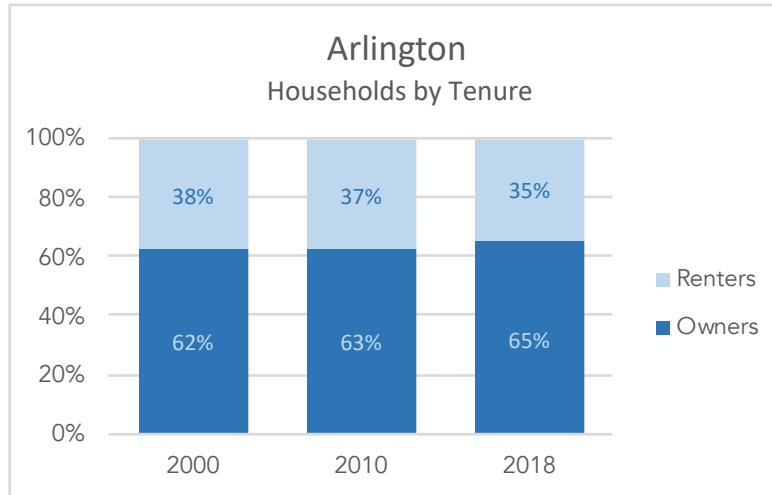
Source: 2016 CHAS Data (projected to 2018).

Low-income households appear to be the most cost-burdened demographic in terms of housing costs in both the City and the County; 88% of all cost-burdened households in Arlington are low-income while 100% of all severely cost-burdened households are low-income. The County has slightly lower percentages, where 78% of all low-income households are cost-burdened, and 95% of all low-income households are cost-burdened.

Arlington's household population by tenure has remained relatively unchanged since 2000, and only differs slightly from the County. In Arlington, 65% of households own their home while 35% are renters. In Snohomish County, 67% percent of households are owners, and 33% are renters. Figures 10 and 11 show this statistic and how it has changed between 2000, 2010, and now.

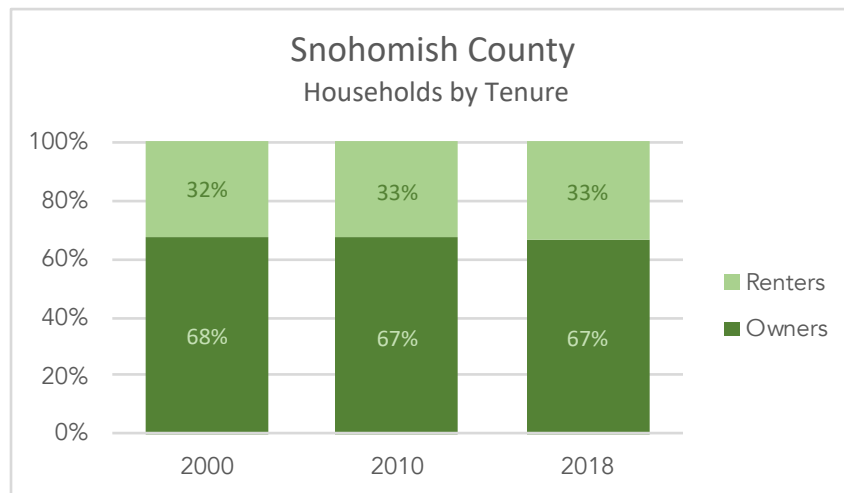


**Figure 10. Arlington, Households by Tenure, 2000 – 2018**



Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year estimates.

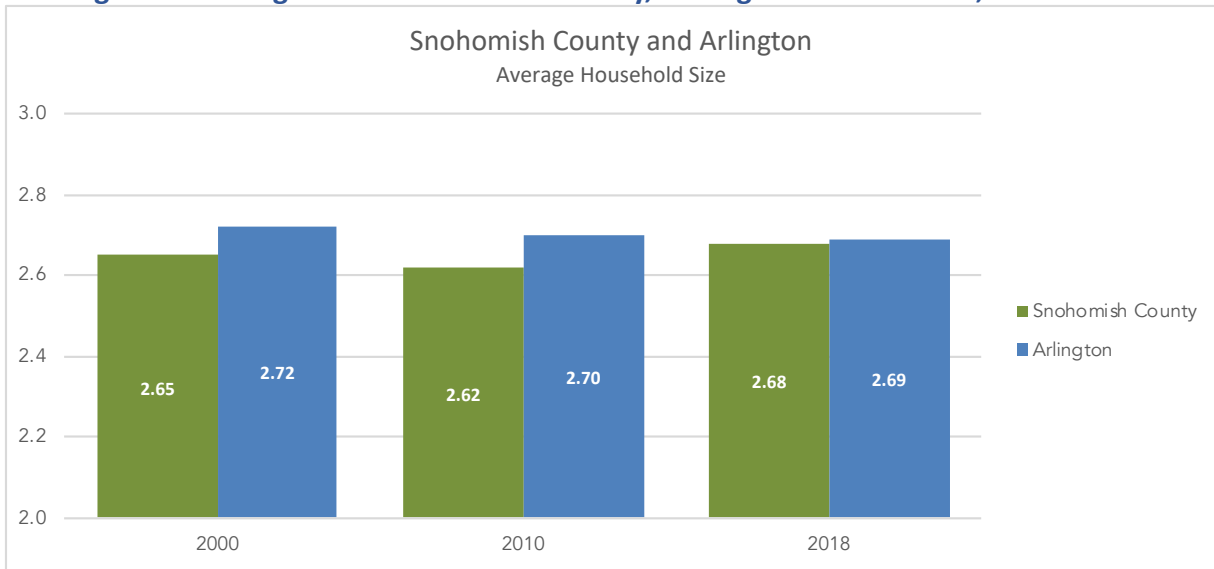
**Figure 11. Snohomish County, Households by Tenure, 2000 - 2018**



Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year estimates.

Arlington’s average household size (Figure 12) has remained steady since 2000, becoming slightly smaller over time. It has remained larger than Snohomish County’s average household size, up until 2018 when the County’s average nearly equaled Arlington’s average. Overall, Snohomish County’s average household size has been growing, while Arlington’s has been shrinking.

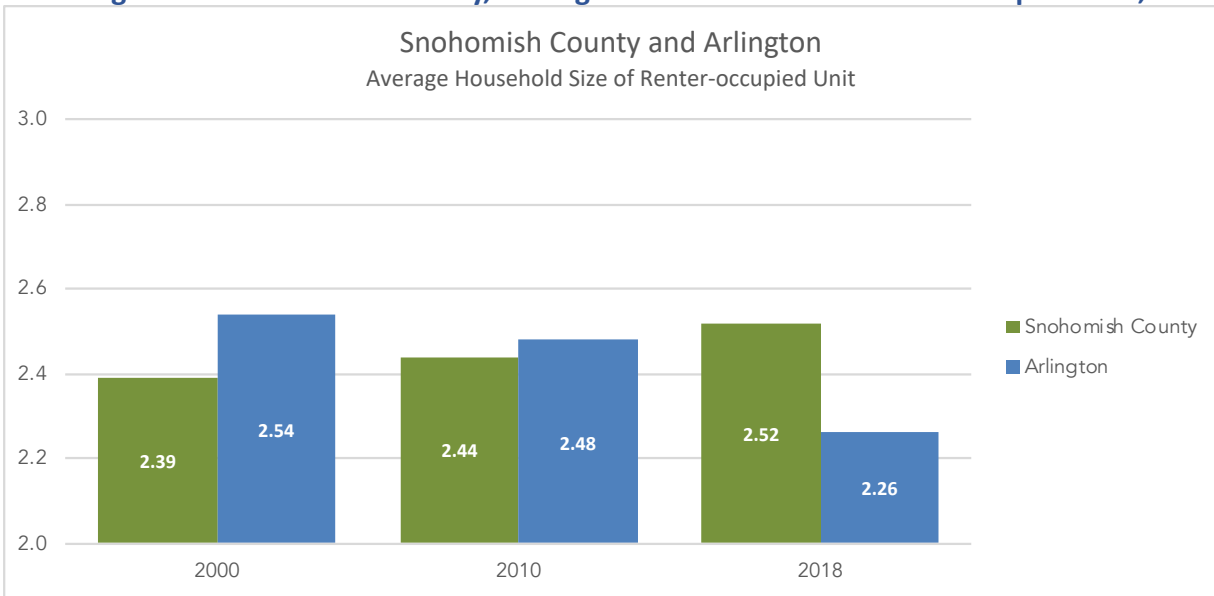
**Figure 12. Arlington and Snohomish County, Average Household Size, 2000 – 2018**



Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year estimates.

There is a bigger divide between the County and Arlington when average household size is examined between renters and owners. Figure 13 shows that in the City the average household size for renters has decreased, moving from 2.54 in 2000 to 2.26 in 2018. In the County, the opposite has occurred with the household size among renters increasing from 2.39 in 2000 to 2.52 in 2018.

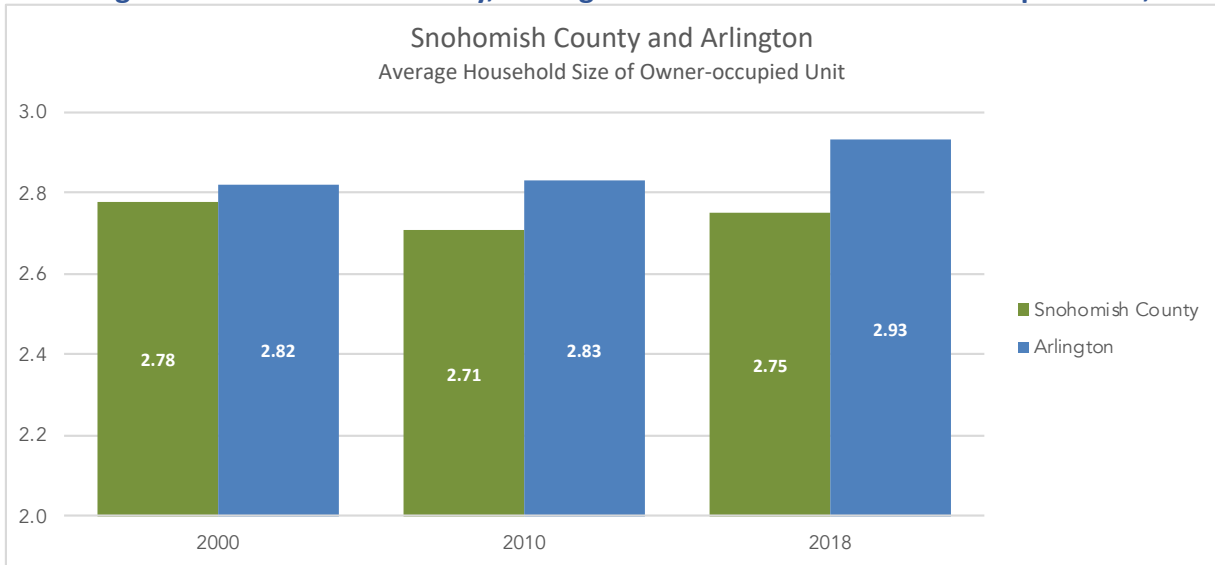
**Figure 13. Arlington and Snohomish County, Average Household Size of Renter-occupied Unit, 2000 – 2018**



Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year estimates.

Figure 14 displays that Arlington’s household size among owners has grown from 2.82 in 2000 to 2.93 in 2018, while the County’s average has decreased slightly from 2.78 in 2000 to 2.75 in 2018.

**Figure 14. Arlington and Snohomish County, Average Household Size of Owner-occupied Unit, 2000 - 2018**

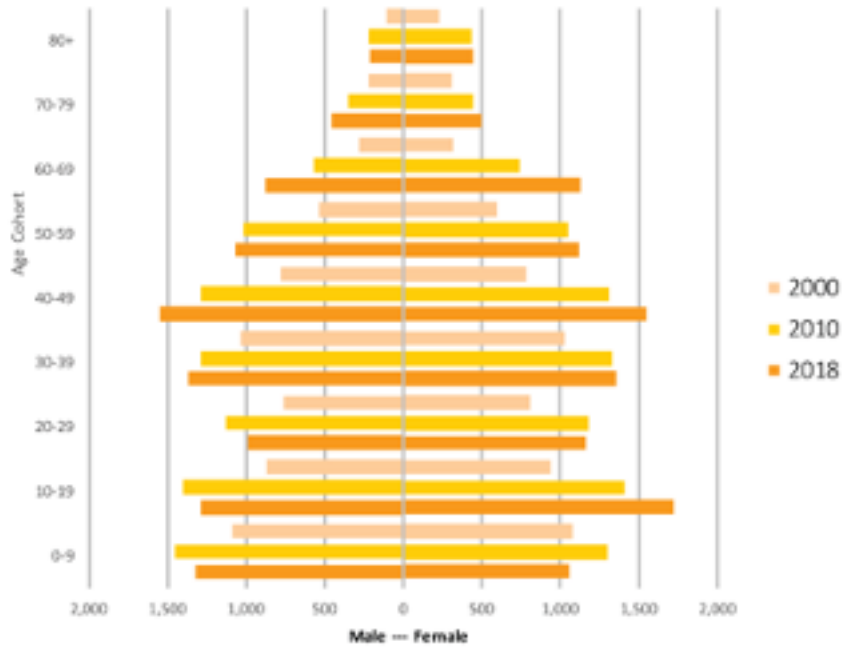


*Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year estimates.*

Although both the City and the County have not seen significant change in average household since 2000, there have been some interesting changes amongst owners and renters. The trends show that average household size among renters has fallen in Arlington, while it has risen in Snohomish County. Among owners, the average household size has grown in Arlington while it has decreased slightly in Snohomish County.

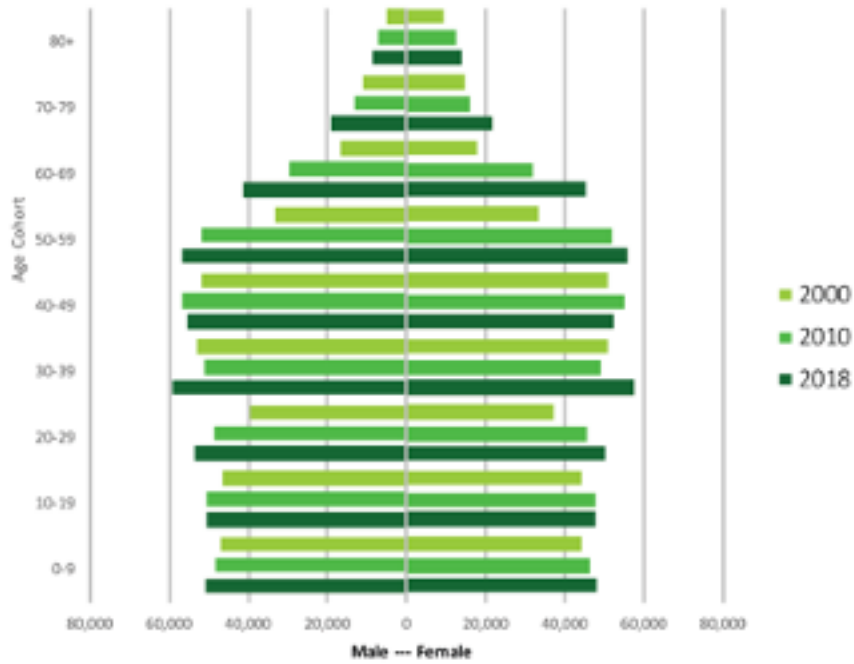
In evaluating housing needs for future populations, it is important to understand how the City’s population may be aging. In 2000, the largest portion of Arlington’s population was very young, between the ages of 0-9 years. The second largest portion of the population was between the ages of 30-39 years old. By 2010 all age categories saw significant growth, with the largest cohort being between 10-19 years old. Most cohorts saw growth between 2010 and 2018, except for the young cohorts of 0-9 and 20-29 which saw declines. The largest portion of the population in Arlington became residents between the ages of 40-49. Significant growth in the 60-69 cohort was also observed. As the City’s population seems likely to age in place, it will be critical to provide the necessary housing options for seniors and elderly citizens with special needs. Figures 15 and 16 show how the population has changed between 2000 and 2018.

**Figure 15. Arlington, Population Pyramid, 2000 – 2018**



Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year estimates.

**Figure 16. Snohomish County, Population Pyramid, 2000 – 2018**

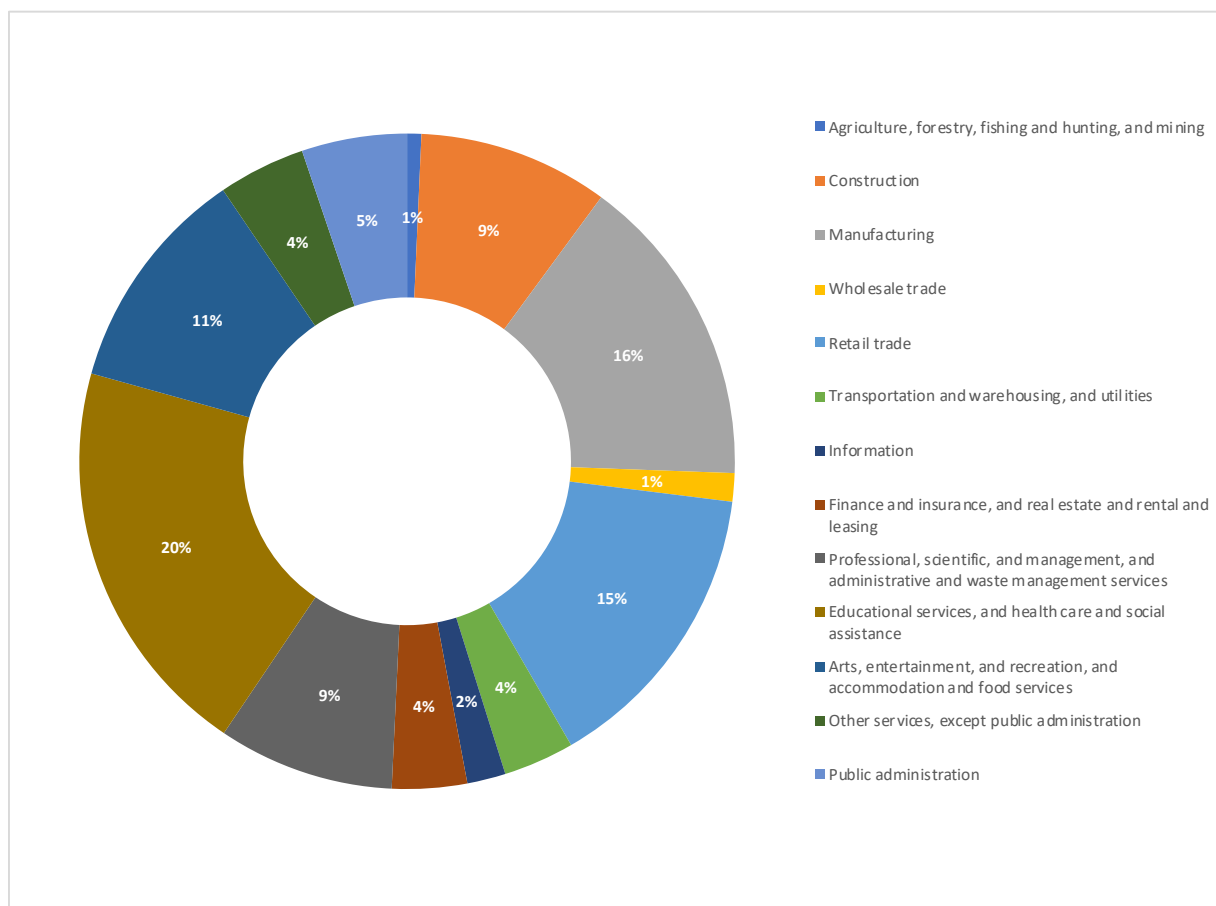


Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year estimates.

# EMPLOYMENT

The employment status of Arlington residents and the economic characteristics of the City as a whole can provide valuable insight into City’s housing market, particularly its affordability. According to the most recent American Community Survey (ACS) data from 2018, the unemployment rate for the City of Arlington is 4.8%, compared to 4.6% for Snohomish County. The most common occupations for Arlington residents are in management, business, science, and arts occupations, with 33% of the employed population, followed by sales and office occupations at 23% and service occupations at 18%<sup>23</sup>. The most common industry for Arlington residents to be employed in is Educational Services, and Health Care and Social Assistance with 20% of the employed population, followed by Manufacturing at 16% and Retail Trade at 15%. See Figure 17.

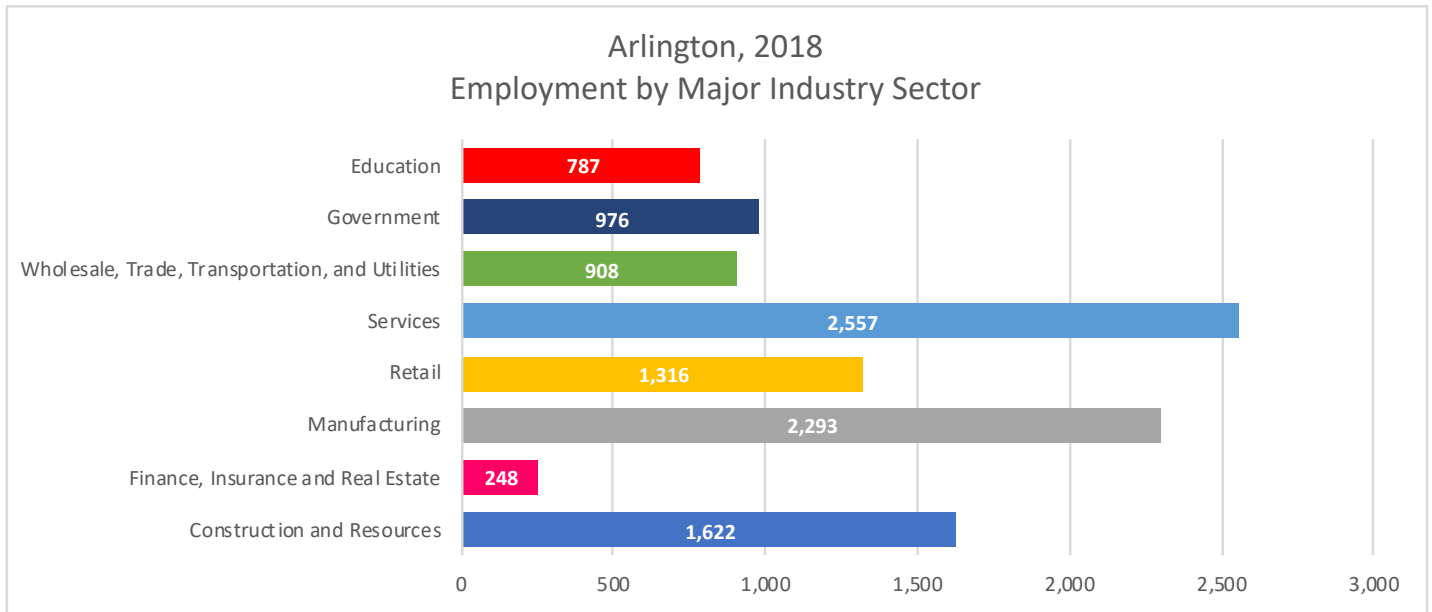
**Figure 17. Arlington, Percent Employment of Arlington Residents by Industry, 2018**



Source: 2018-2014 ACS 5-year estimates.

The jobs-to-housing ratio for the City is 1.51 jobs for every occupied housing unit, which indicates Arlington is an employment center. For comparison, the County has .98 jobs for every occupied housing unit<sup>24</sup>. With 10,706 total jobs, the industry sector with the highest share of jobs in the City is Services at 24% followed by Manufacturing at 21% and Construction and Resources at 15%<sup>25</sup>. See Figure 18 for employment numbers by major industry sector.

**Figure 18. Arlington, Employment by Major Industry Sector, 2018**



Source: PSRC Covered Employment Estimates, 2018.

Although Arlington has a high jobs-to-housing ratio, 46% of employed residents have a commute time of 30 minutes or greater to work, suggesting there are many people who live in Arlington who do not work there<sup>26</sup>. This is supported by the Longitudinal Employer-Household Dynamics 2017 data which showed that only 12% of Arlington residents worked in the City<sup>27</sup>. There are several factors that can influence where people work versus where they live. However, transportation costs can become an affordability issue when considering longer commute times because people do not live near where they work. An accurate measure of affordability accounts for both housing and transportation costs since after the cost of housing, the largest expense for most households is transportation. Automotive maintenance and fuel comprise the highest portion of the transportation cost for 81% of employed Arlington residents because that is the percentage that commute to work in a single occupancy vehicle<sup>28</sup>. Encouraging more people to live near where they work can help to achieve transportation and environmental goals as a reduction in commute times can limit the strain on transportation infrastructure and production of carbon. One way to do this is to increase the supply of the housing stock that is affordable to the Arlington workforce.

<sup>24</sup> 2018-2014 American Community Survey 5-year estimates and 2018 Puget Sound Regional Council Covered Employment Estimates. (Note: Covered employment refers to jobs covered under the state’s Unemployment Insurance Program and constitutes 85-90% of total employment.)

<sup>25</sup> 2018 Puget Sound Regional Council Covered Employment Estimates.

<sup>26</sup> 2018-2014 American Community Survey 5-year Estimates.

<sup>27</sup> 2017 Longitudinal Employer-Household Dynamics.

<sup>28</sup> 2018-2014 American Community Survey 5-year Estimates.

Ensuring housing options are affordable to the local workforce will become increasingly more important since the imbalance of jobs to total housing units in Arlington is projected to increase further over the next few decades as shown in Table 4. Part of this imbalance increase is due to Arlington's continued role as an employment center. The City shares a 4,019-acre subarea with neighboring city Marysville, known as the Arlington-Marysville Manufacturing/Industrial Center (AMMIC). This is where most of the future jobs within the city will be located. Propelled by a combined 2040 employment growth target for the AMMIC of 20,000 jobs, both cities have shown their commitment to industrial growth and development in the Center by adopting supportive policies and provisions within their comprehensive plans and infrastructure functional plans (water, sanitary sewer, storm drainage, and transportation) which are currently being implemented.

**Table 4. Arlington, Projected Jobs-to-Housing Ratio**

	<b>2018</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>
<b>Number of households</b>	7,083	7,752	8,425	8,901	9,309	9,652
<b>Total employment</b>	10,706	12,477	14,391	16,366	18,800	21,320
<b>Jobs-to-housing ratio</b>	1.51	1.61	1.71	1.84	2.02	2.21

*Source: PSRC Land Use Vision Version 2, 2017; 2018-2014 ACS 5-year estimates.*



# EXISTING HOUSING PROFILE

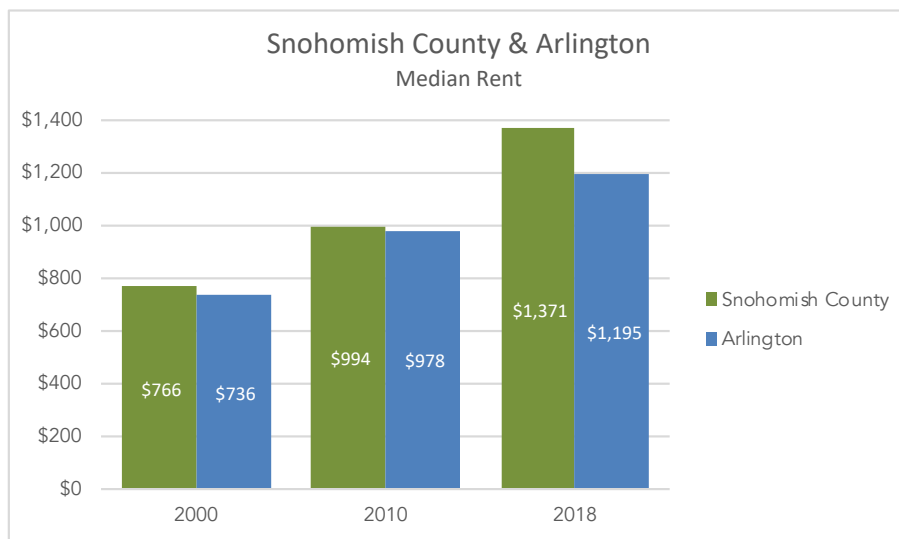
As of 2018, Table 5 shows that Arlington has a total of 7,467 housing units, 7,083 of which are occupied. Homeowner vacancy rates are low in the City at 1.9%, while rental vacancy rates are much higher at 7%. Snohomish County is experiencing similar vacancy rates, but lower overall. These are considered to be healthy rates.

**Table 5. Arlington and Snohomish County, Housing Occupancy, 2018**

	Housing Occupancy, 2018	
	Arlington	Snohomish County
Total housing units	7,467	306,420
Occupied housing units	7,083	289,737
Vacant housing units	384	16,683
Homeowner vacancy rate	1.9%	0.8%
Rental vacancy rate	7.0%	3.5%

Source: 2018-2014 ACS 5-year estimates.

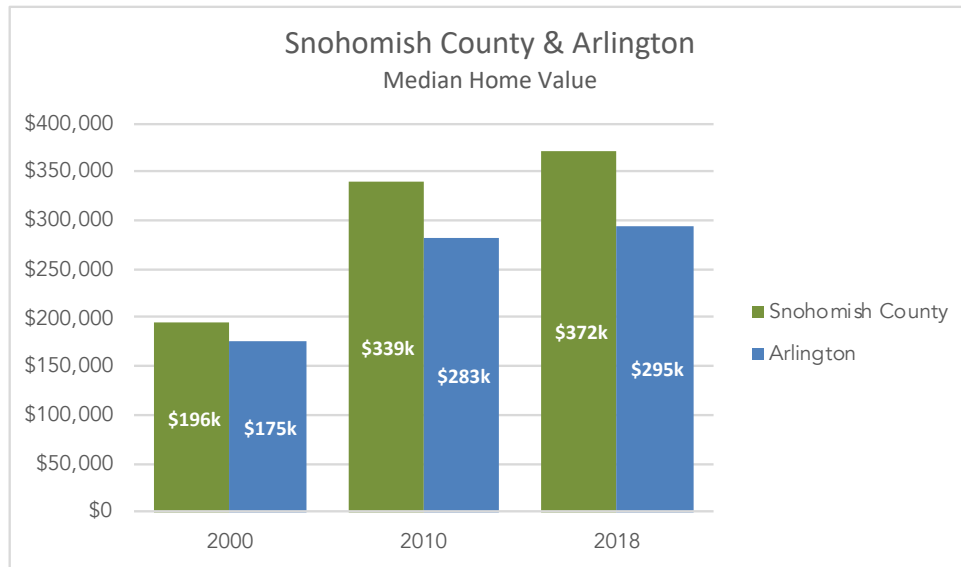
**Figure 19. Arlington and Snohomish County, Median Gross Rent, 2000 – 2018**



Source: 2018 – 2014 ACS 5-year estimates; 2010 – 2006 ACS 5-year estimates; 2000 Census.

In Arlington, between 2000 and 2018 there was a 62% increase in median rent and a 69% increase in the median home value. Snohomish County saw more drastic increases, with the median rent increasing by 79% between 2000-2018 and the median home value increasing by 90%. County's median rent price was nearly \$200 more at \$1,371 per month. Figure 20 displays that Arlington's median home value was \$295,000 and Snohomish County's was \$372,000.

**Figure 20. Arlington and Snohomish County, Median Home Value, 2000 – 2018**

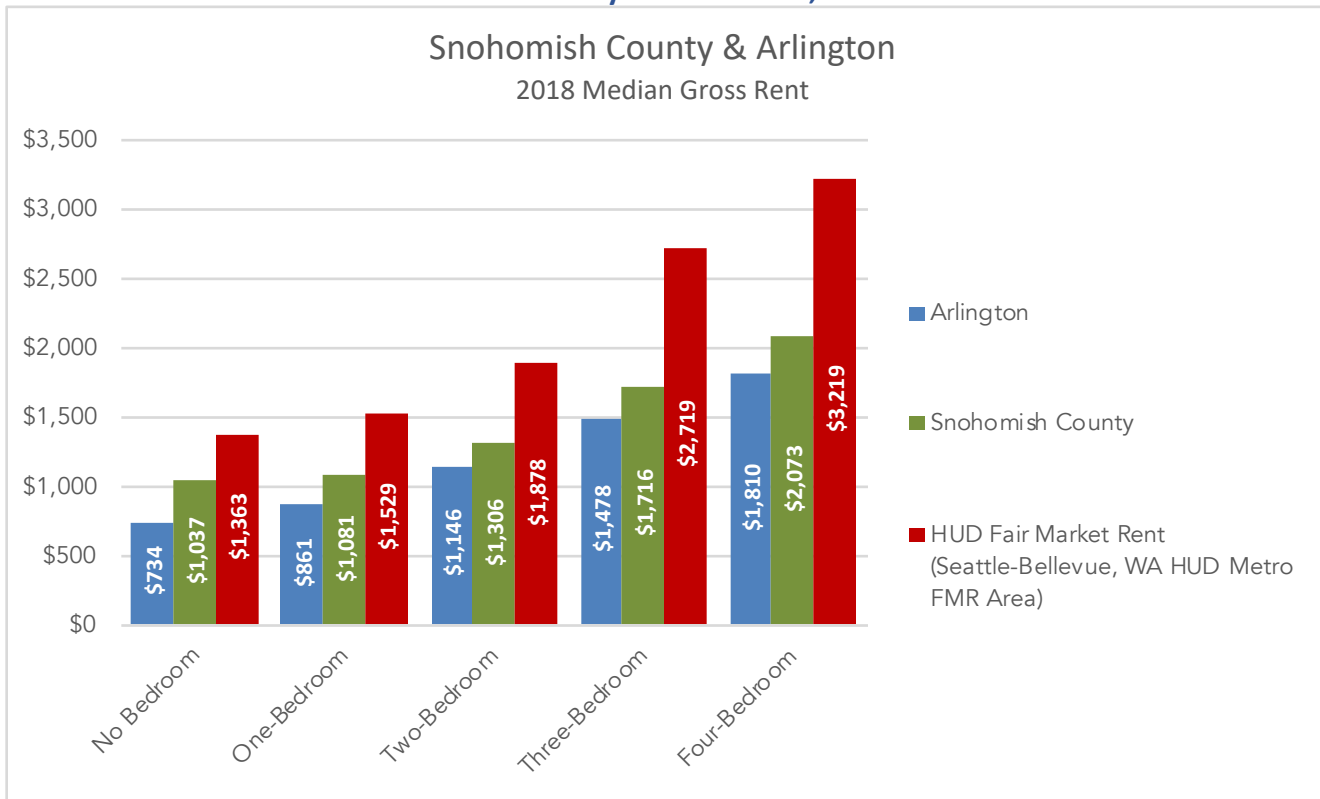


Source: 2018 – 2014 ACS 5-year estimates; 2010 – 2006 ACS 5-year estimates; 2000 Census.

Figure 21 shows the discrepancies between the City and the County's median rents by bedroom size, but it also shows the major discrepancy between how HUD views FMRs for Arlington. In a more urban environment with a higher cost of living like Seattle, these FMRs may fall below, or be on par with, what the actual expected rent may be for these unit types. However, in the case of Arlington, it may actually be benefiting residents participating in housing voucher programs. Since Arlington rents are lower than the HUD FMR, which determines subsidy caps, participants in Arlington may have greater access to housing options that are more expensive with higher access to opportunity.

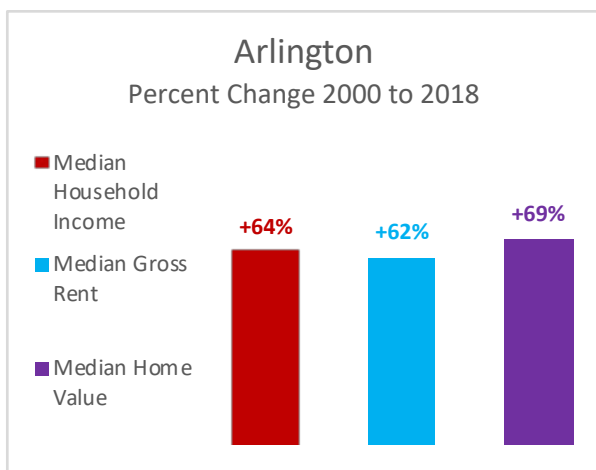
In evaluating affordability in Arlington, it is important to understand any changing market conditions that could have contributed to affordability, or more importantly, a lack of affordability. In looking at the percentage changes in median income, median gross rent, and median home value between 2000 and 2018 in both Snohomish County and Arlington, Figures 22 and 23 show no major concerns. These three areas seem to be rising at similar rates, with home values rising slightly faster than rents, but only 5% more than the median household income. In Snohomish County, affordability in general may be more negatively affected because median income has not grown nearly as much as rent prices and home values since 2000.

**Figure 21. Arlington, Snohomish County, and Seattle-Bellevue, WA HUD Metro Fair Market Rent Area, Median Gross Rent by Bedroom Size, 2018**



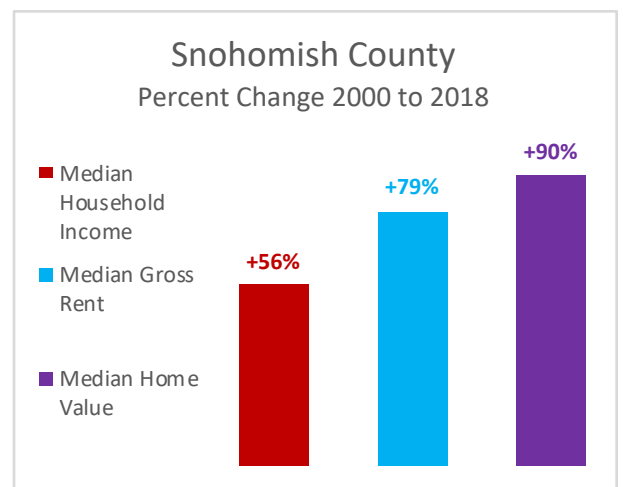
Source: 2018 – 2014 ACS 5-year estimates; 2018 HUD Fair Market Rents

**Figure 22. Arlington, Percent Change in Median Household Income, Median Gross Rent, and Median Home Value, 2000 – 2018**



Source: 2018 – 2014 ACS 5-year estimates; 2010 – 2006 ACS 5-year estimates; 2000 Census.

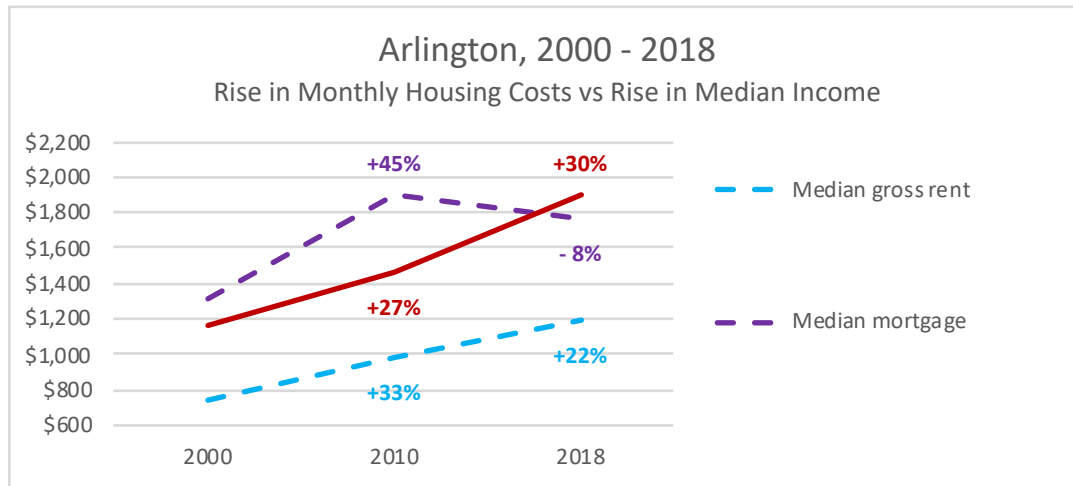
**Figure 23. Snohomish County, Percent Change in Median Household Income, Median Gross Rent, and Median Home Value, 2000 – 2018**



Source: 2018 – 2014 ACS 5-year estimates; 2010 – 2006 ACS 5-year estimates; 2000 Census.

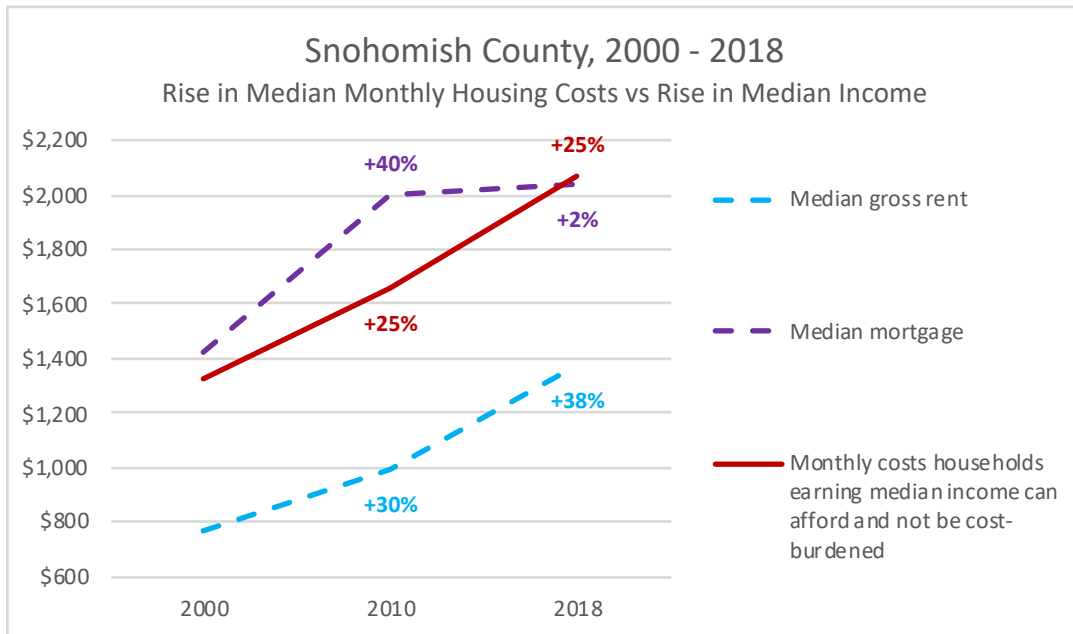
Figures 24 and 25 show the trend broken out between 2000, 2010, and 2018. This gives a slightly better snapshot at monthly affordability since it considers the median mortgage and the monthly costs that households earning the median income can afford, i.e., not be cost-burdened. Although median home values have risen over the past two decades, median mortgages have not risen as steadily and have even decreased, as shown with the 8% drop in median mortgage in Arlington between 2010 and 2018. Because of the drop in the rate of the mortgage increase, the monthly costs that households earning the median income can afford has now propelled over the median mortgage in both Arlington and Snohomish County. This is assuredly a favorable display toward greater affordability of home ownership; however, it should be noted that the mortgage does not account for the total monthly costs incurred by homeowners. Property taxes and insurance, which would be other monthly ownership costs, can add approximately 30% more cost on top of the mortgage in calculating total monthly payment obligations. Therefore, the median monthly ownership costs are likely still above what households earning median income can afford.

**Figure 24. Arlington, Rise in Monthly Housing Costs vs. Rise in Median Income, 2000 – 2018**



Source: 2018 – 2014 ACS 5-year estimates; 2010 – 2006 ACS 5-year estimates; 2000 Census.

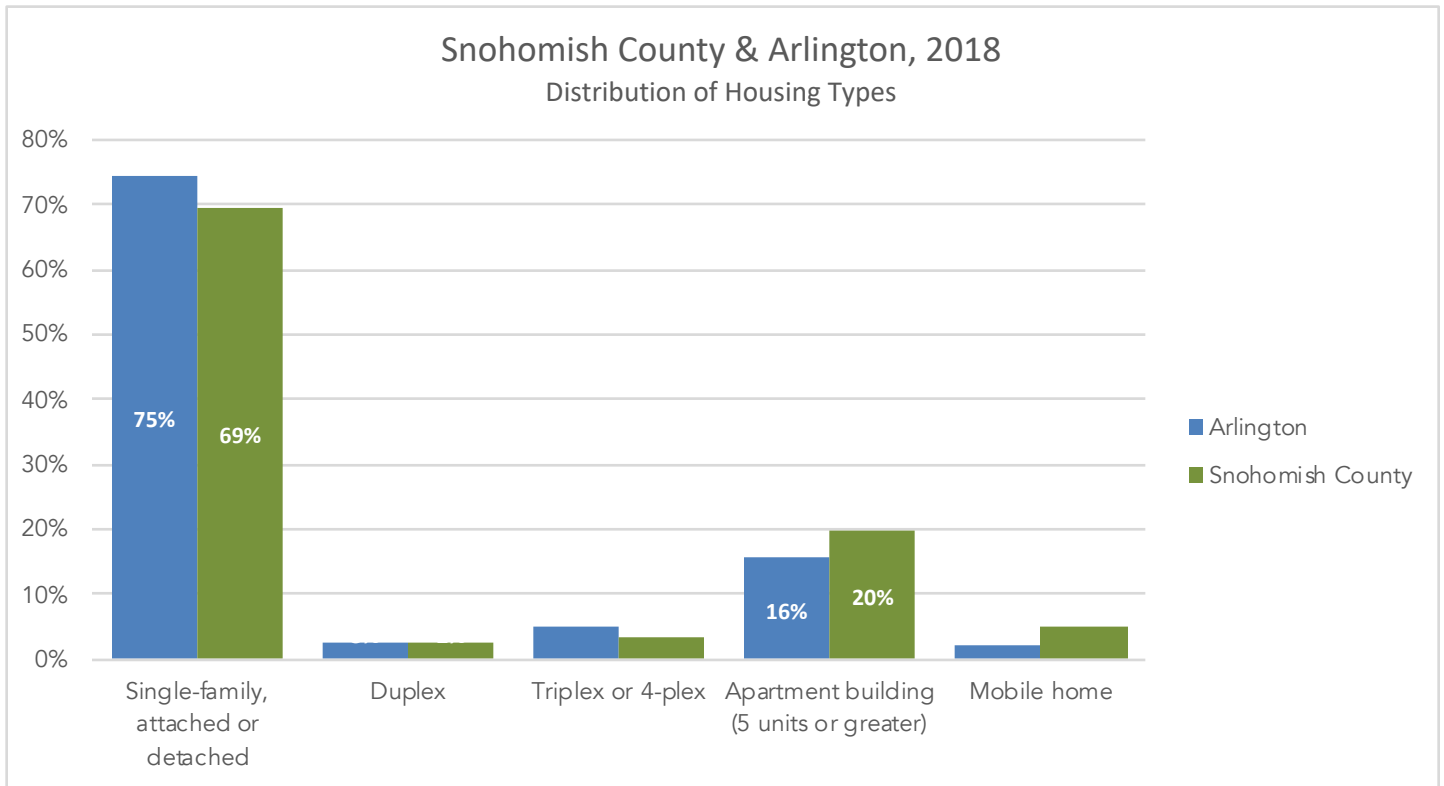
**Figure 25. Snohomish County Rise in Monthly Housing Costs vs. Rise in Median Income, 2000 – 2018**



Source: 2018 – 2014 ACS 5-year estimates; 2010 – 2006 ACS 5-year estimates; 2000 Census.

Arlington’s distribution in housing types demonstrates a lack of diversity in housing options for its population. As of 2018, 75% of the housing in Arlington was single-family, 16% was multi-family housing in apartments with five or more units, 5% were either triplex or 4-plexes, 3% were duplexes, and 2% were mobile homes <sup>29</sup>(Figure 26). Snohomish County data shows similar trends, but with lower proportions of single-family residences and triplexes/4-plexes, and higher proportions of apartments and mobile homes.

29 2018-2014 American Community Survey 5-year Estimates.

**Figure 26. Arlington and Snohomish County, Distribution of Housing Types, 2018**

Source: 2018-2014 ACS 5-year estimates.

Table 6 demonstrates the distribution of bedrooms among the housing stock within Arlington and Snohomish County. As of 2018, 48% of the City's housing stock was made up of three-bedroom units, accounting for most units in the City<sup>30</sup>. The lowest portions of units are those with no bedrooms and those with five or more bedrooms. Snohomish County is comparable with 41% of units containing three bedrooms, and the lowest proportions again being those with no bedrooms or five or more bedrooms<sup>31</sup>. Since Arlington has a high percentage of single-family homes which are typically larger in size, the data below correlates with this notion, demonstrating that 88% of units in Arlington have two or more bedrooms<sup>32</sup>. With 69% of the housing units containing three bedrooms or more, and the average household size in Arlington being 2.68, there may be a need for units with fewer bedrooms<sup>33</sup>.

<sup>30</sup> 2018-2014 American Community Survey 5-year Estimates.

<sup>31</sup> 2018-2014 American Community Survey 5-year Estimates.

<sup>32</sup> 2018-2014 American Community Survey 5-year Estimates.

<sup>33</sup> 2018-2014 American Community Survey 5-year Estimates.

	Arlington	Snohomish County
No bedroom	2%	2%
1 bedroom	10%	9%
2 bedrooms	19%	23%
3 bedrooms	48%	41%
4 bedrooms	16%	20%
5 or more bedrooms	5%	5%

Source: 2018-2014 ACS 5-year estimates.

**Table 6. Arlington and Snohomish County, Percent Housing Units by Bedrooms, 2018**

Table 7 shows the distribution of housing type by tenure as of 2018. In Arlington, 40% of renter-occupied units are single-family, while 42% are apartments.<sup>34</sup> Among owner-occupied units, 95% of units are single-family and only 1% are apartments. It is clear in examining the table that there is a lack of diversity among occupied units in both Arlington and Snohomish County. Renter-occupied units in Arlington experience the greatest amount of diversity, but 84% of occupied units are still either single-family or apartments. Owner-occupied units in Arlington had the least

amount of diversity with 95% of units being single-family and only 1% being apartments.<sup>35</sup> The table below clearly demonstrates the lack of “missing middle” housing that closes the gap in availability of diverse housing options between apartments and single-family residences.

**Table 7. Arlington and Snohomish County, Distribution of Housing Stock by Tenure, 2018**

	Renter-occupied		Owner-occupied		Occupied Housing Units	
	Arlington	Snohomish County	Arlington	Snohomish County	Arlington	Snohomish County
Single-family, attached or detached	40%	33%	95%	89%	76%	70%
Duplex	7%	6%	0%	1%	2%	2%
Triplex or 4-plex	11%	8%	0%	1%	4%	3%
Apartment building (5 units or greater)	42%	50%	1%	4%	15%	19%
Mobile home	0%	3%	3%	6%	2%	5%

Source: 2018-2014 ACS 5-year estimates.

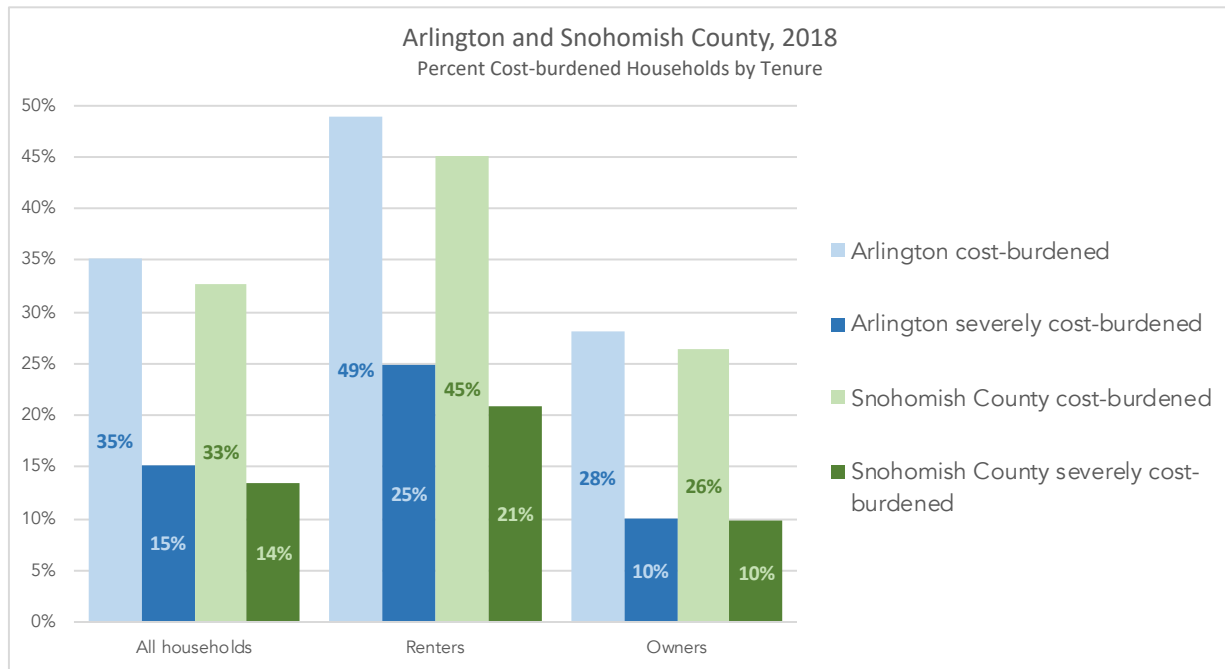
As Figure 27 displays, with 35% of Arlington’s households being cost-burdened, especially among renters, a need for greater diversity in housing type could allow people to make more practical decisions when finding a home. Of the renters in Arlington, 49% of them are cost-burdened, signaling that the available housing stock may not be meeting their needs. A wider variety of rental options could provide households will more opportunity to spend less on their housing that still meets their needs. Of homeowners in Arlington, 28% of households are cost burdened with even more limited flexibility in housing options than renters. For households who are not yet ready financially to take on a higher mortgage, that a single-family detached house may require, they would be more able to opt for a smaller, cheaper attached unit such as a duplex or triplex.

34 2018-2014 American Community Survey 5-year Estimates

35 2018-2014 American Community Survey 5-year Estimates



**Figure 27. Arlington and Snohomish County, Percent Cost-burdened Households by Tenure, 2018**



Source: 2016 CHAS Data (extrapolated to 2018).

Arlington’s 2015 Housing Profile reported that the City experienced a population boom after 1990, which continued into the 2000s, reflected in homes built during that time period. Table 8 shows that as of 2018, 36% of the homes in Arlington were built between 1980-1999, accounting for the majority of the housing stock. Another 2,434 units were built after 2000 making up 33% of the total housing stock.<sup>36</sup> In total, 69% of Arlington’s housing stock is less than 40 years old, compared to Snohomish County where 62% of housing was built after 1980.<sup>37</sup> The age distribution of housing stock represented in the chart below, does not account for the 425 units permitted in 2019.<sup>38</sup>

**Table 8. Arlington and Snohomish County, Age Distribution of Occupied Housing Stock by Tenure, 2018**

	Renter-occupied		Owner-occupied		Occupied Housing Units	
	Arlington	Snohomish County	Arlington	Snohomish County	Arlington	Snohomish County
Built 2000 or later	28%	22%	35%	28%	33%	26%
Built 1980 to 1999	33%	40%	39%	36%	37%	38%
Built 1960 to 1979	24%	26%	15%	24%	18%	24%
Built 1940 to 1959	6%	7%	4%	8%	5%	7%
Built 1939 or earlier	9%	6%	6%	5%	7%	5%

Source: 2018-2014 ACS 5-year estimates.

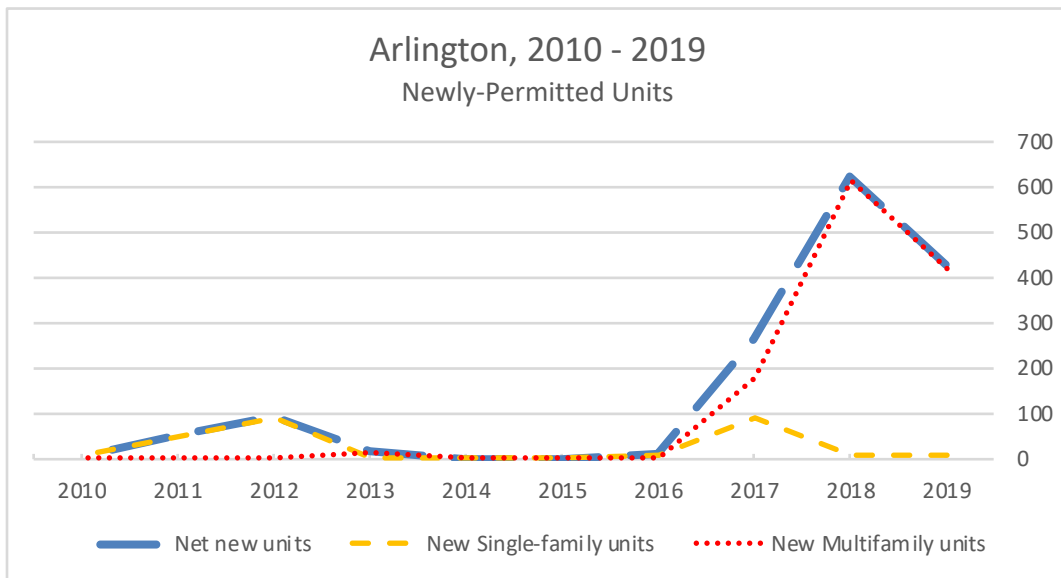
<sup>36</sup> 2018-2014 American Community Survey 5-year Estimates.

<sup>37</sup> 2018-2014 American Community Survey 5-year Estimates.

<sup>38</sup> Permit Data 2017-2019, provided by the City of Arlington.

Figure 28 shows Arlington’s net newly permitted units between 2010 and 2019, illustrating the City’s recent residential development patterns in relation to unit type. Arlington saw single-family residential unit growth relatively quickly after the 2008 Financial Crisis, adding 148 units between 2010-2012<sup>39</sup>. Multifamily saw little growth during this time period, adding only four units.<sup>40</sup> Between 2013 and 2016, there was a major lag in residential development for both single-family and multifamily, adding only 32 units during that time<sup>41</sup>. Single-family development experienced a small surge during 2017 primarily due to the completion of one 84-unit subdivision project<sup>42</sup>. Permitted single-family residences have since slowed with only 15 units added between 2018 and 2019<sup>43</sup>. However, since 2017 Arlington has seen major growth in the number of permitted multifamily units, adding an additional 1,208 units by the end of 2019<sup>44</sup>.

**Figure 28. Arlington, Net Newly-Permitted Units, 2010 – 2019**

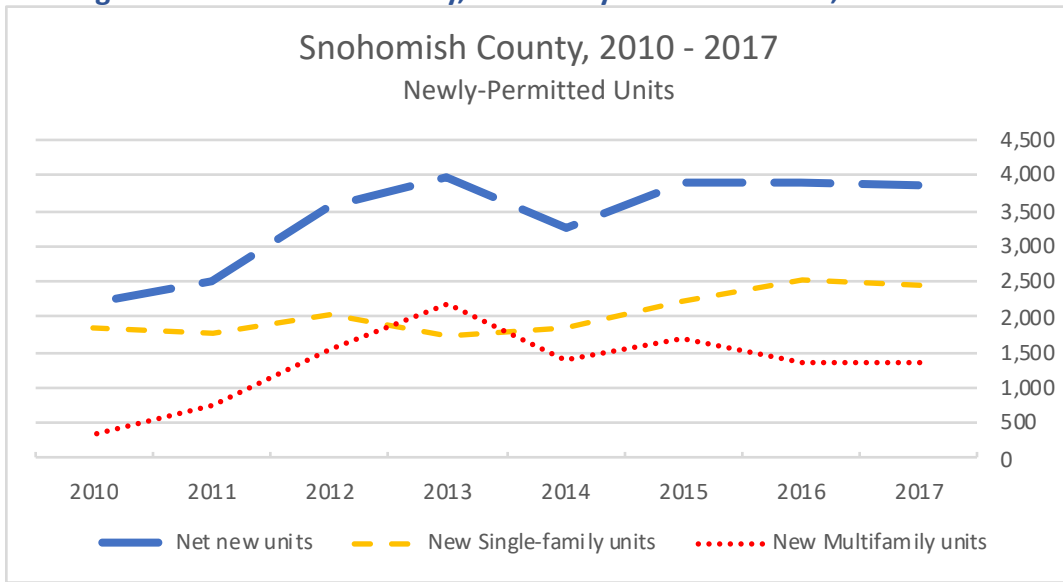


Source: PSRC Residential Building Permit Summaries 2010-2017; City of Arlington Permitting Data 2018-2019

The available data for newly permitted units at the County level is limited to 2017, so residential growth between 2018 and 2019 is unknown at this time. However, according to Figure 29, it appears residential development in Snohomish County overall has been more steady than in Arlington. Single-family units saw the steadiest growth between 2013 and 2016, with a slight decline in 2017 while multifamily units saw consistent growth between 2010 and 2013, with declines in 2014 and 2016.<sup>45</sup>

39 PSRC Residential Building Permit Summaries 2010-2017  
 40 PSRC Residential Building Permit Summaries 2010-2017  
 41 PSRC Residential Building Permit Summaries 2010-2017  
 42 PSRC Residential Building Permit Summaries 2010-2017  
 43 Permit Data 2017-2019, provided by the City of Arlington.  
 44 Permit Data 2017-2019, provided by the City of Arlington.  
 45 PSRC Residential Building Permit Summaries 2010-2017

**Figure 29. Snohomish County, Net Newly-Permitted Units, 2010 – 2017**



Source: PSRC Residential Building Permit Summaries, 2010-2017

## ARLINGTON'S AFFORDABLE HOUSING STOCK

*Housing Profile: City of Arlington, Prepared by the Alliance for Housing Affordability*

March 2015

**Subsidized rental units** are targeted toward households with the lowest incomes, typically less than 30% AMI. Populations targeted for subsidized rental units often include the disabled, elderly, and other populations living on fixed incomes with special needs. A subsidized property is one that receives funding, perhaps rental assistance or an operating subsidy, to ensure that its residents pay rents that are affordable for their income level. Some properties only apply their subsidy to select units. It is also common for subsidized units to be restricted to certain groups like families, the elderly, or homeless. A subsidized property may have also benefited from workforce-type housing subsidies, and it is also common for only a portion of a property's units to receive an ongoing subsidy.

**Workforce rental units** are targeted to working households that still cannot afford market rents. Workforce rental units and subsidized rental units are both considered "assisted" but differ in several areas. The key difference between subsidized and workforce units is that workforce units have a subsidy "built in" through the use of special financing methods and other tools, allowing (and typically requiring) the landlord to charge less for rent. An example of this would be when a private investor benefits from low income housing tax credits when building a new residential development. In exchange for the tax credit savings, the property owner would have to restrict a certain number of units to a certain income level for a certain period of time. When the owner is a for-profit entity, this often means that rents on restricted units will become market rate units when the period of restriction has ended. While nonprofit owners may also utilize workforce tools for capital funding, they are more likely to preserve restrictions on units longer than required. The distribution of Arlington's assisted units by income level served, both subsidized and workforce, is presented in Table 2.1.

**Market rate rental units** are the stock of all housing units available for rent in the open market. These are units that are privately owned and whose rents are determined by market supply and demand pressures. A market rate rental unit can also be a subsidized rental unit, as is the case with the Federal Section 8 Housing Choice Voucher (HCV) Program. Section 8 vouchers can be used to rent any unit, as detailed below. Finally, home ownership includes all single-family homes for sale – detached and attached single family homes, condominiums, and manufactured homes.

The City of Arlington has a total of 229 subsidized units, transitional and permanent units combined, with a range of funding sources shown in the table below. The majority of the units are provided through U.S. Department of Agriculture (USDA) rental assistance and rural rental housing loan programs. The USDA Rural Development Rural Rental Housing Loans (Section 515) provides loans that are direct, competitive mortgage loans made to provide affordable multifamily rental housing for very low-, low-, and moderate-income families, elderly persons, and persons with disabilities.

This is primarily a direct housing mortgage program; its funds may also be used to buy and improve land and to provide necessary facilities such as water and waste disposal systems. The USDA Rural Development USDA Rural Rental Assistance Program (Section 521) is available for some properties financed by the Section 515 Rural Rental or Section 514/516 Farm Labor Housing programs of the USDA Rural Development Housing and Community Facilities Programs office (RD). It covers the difference between 30% of a tenant's income and the monthly rental rate.

As Table 9 shows, there are 40 units funded through the HUD Section 202 Supportive Housing for the Elderly program that provides interest-free advance capital to non-profit organizations to finance the development of supportive housing for seniors. Residency in these units is usually restricted to households earning 50% of the AMI or less with at least one member aged 62 years or older. Tenants pay rent based on household income. This rent is usually the highest of the following three amounts: either 30% adjusted monthly income, or 10% unadjusted monthly income, or, if receiving welfare assistance, the housing costs portion of this assistance.

There are 41 units utilizing Section 8 Housing Vouchers administered through Public Housing Agencies (PHA) who determine eligibility, based on the total annual gross income and family size. Usually participating family's income may not exceed 50% of the AMI for the county or metropolitan area. HUD sets Fair Market Rents (FMRs) annually, and PHAs determine their individual payment standards (a percentage of FMR) by unit bedroom size. The tenant pays rent equal to 30% of their income, and the PHA pays the difference directly to the landlord. PHAs are required to provide 75% of their allocated vouchers to families earning less than 30% of the AMI. The waitlists to receive these vouchers are typically very long. Currently, Snohomish County Housing Authority has a wait time of ten years if you are already on the waitlist, otherwise the program is closed at moment.

Arlington also has ten transitional housing units that are funded through the HUD HOME Investment Partnerships Program (HOME). This program assists in building, buying, and rehabilitating housing for rent or ownership or providing rental assistance to low-income people. At least 20% of these units must be occupied by families earning 50% or less of AMI. All other HOME-assisted units must be occupied by families earning 80% or less of AMI, but in practice most are reserved for families earning 60% or less of AMI. Maximum monthly rent is capped with a Low HOME Rent for less than 50% AMI units and a High HOME Rent for the remaining HOME-assisted units.

Per Table 10, there are 967 workforce housing units in Arlington that have been funded through Low Income Housing Tax Credits (LIHTC), which provides housing for low- to moderate-income renters in exchange for tax credits for the developers building the units. Some properties currently restrict occupancy of all of their units to low-income households, many other workforce housing properties only dedicate a portion of their units. Affordable housing requirements are limited to a certain period of time, typically 20 to 30 years, after which time the property owners can increase rents to market rates.

Arlington has 10 transitional housing units. The main difference between permanent and transitional housing, is that transitional housing is meant to be temporary and tenants can only remain in their unit for a certain amount of time. Arlington's transitional units development accepts Section 8 housing vouchers and is owned and operated by Housing Hope, a local non-profit operating throughout Snohomish County and Camano Island.

**Table 9. Arlington, Subsidized Units, 2019**

Type of Subsidized Unit	Funding Source	Units
Permanent	USDA Rural Rental Housing/USDA Rental Assistance	138
	HUD Section 202 Supportive Housing for the Elderly	40
	Section 8 Project Based Vouchers	41
Transitional	HUD HOME Investment Partnerships Program	10
<b>Total</b>		<b>229</b>

**Table 10. Arlington, Workforce Units, 2019**

<b>Workforce Units Funded by Low Income Housing Tax Credit (LIHTC)</b>	967
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*Source: National Housing Preservation Database; HASCO; City of Arlington*

# HOUSING AFFORDABILITY

As of 2018, there are a total of 2,423 occupied rental units paying rent in Arlington. Table 11 illustrates the number of units available at varying rent prices organized by number of bedrooms. The rent data below represents gross rent which includes utilities.

**Table 11. Arlington, Renter-occupied Units by Rent and Unit Size, 2018**

	No bedroom	%	1-bedroom	%	2-bedroom	%	3+ bedrooms	%
<b>Less than \$300</b>	8	6%	116	19%	27	3%	9	1%
<b>\$300 to \$499</b>	27	22%	114	18%	25	3%	0	0%
<b>\$500 to \$749</b>	40	32%	33	5%	77	9%	24	3%
<b>\$750 to \$999</b>	14	11%	130	21%	210	25%	76	9%
<b>\$1,000 to \$1,499</b>	36	29%	174	28%	257	31%	298	35%
<b>\$1,500 or more</b>	-	0%	50	8%	241	29%	437	52%

Source: 2018-2014 ACS 5-year estimates.

To better understand what Arlington’s households could expect to pay when looking for a rental unit, Table 12 shows the minimum full time wage that can afford each average rent, both in terms of hourly rate and annual salary, as well as the number of hours per week needed to work to afford the unit, earning Washington’s minimum wage. It is important to note that this table represents the amount of time worked in a week and the required amount of money earned that is necessary to not be cost-burdened. The table clearly shows that households earning minimum wage cannot afford rental housing costs in Arlington, working within the standard of a 40-hour workweek, without being cost-burdened.

**Table 12. Arlington, Median Rent by Unit Size and Minimum Income Required to not be Cost-burdened, 2018**

	Median Gross Rent	Minimum Income Required		
		Per Year	Per Hour	Hours per Week at 2018 Minimum Wage
<b>Median gross rent</b>	\$1,195	\$47,800	\$22.98	80
<b>No bedroom</b>	\$734	\$29,360	\$14.12	49
<b>1 bedroom</b>	\$861	\$34,440	\$16.56	58
<b>2 bedrooms</b>	\$1,146	\$45,840	\$22.04	77
<b>3 bedrooms</b>	\$1,478	\$59,120	\$28.42	99
<b>4 bedrooms</b>	\$1,810	\$72,400	\$34.81	121

Source: 2018-2014 ACS 5-year estimates.

Table 13 displays the affordability distribution of median rents in Arlington by number of bedrooms. In this table, "No" means no household (adjusted for household size) within that income level can afford (pay less than 30% of their income in housing costs) the median gross rent for the size. "Yes" means all households (adjusted for household size) within that income level can afford the median gross rent for the size. Overall, Arlington’s rental housing is affordable to all households earning above 50% of the AMI. Rental housing becomes less affordable or unaffordable to households earning below 50%, especially as bedroom count rises. However, no rental units are affordable to the lowest income earners in Arlington. It should be noted that this table does not separate multifamily and single-family rental costs due to the limited data available.

**Table 13. Arlington, Affordable Median Rent by Size, 2018**

	Median gross rent	No bedroom	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Extremely low-income (<30% AMI)	No	No	No	No	No	No
Very low-income (31-50% AMI)	Yes	Yes	Yes	Yes	No	No
Low-income (51-80% AMI)	Yes	Yes	Yes	Yes	Yes	Yes
Moderate to high income (>80% AMI)	Yes	Yes	Yes	Yes	Yes	Yes

*Source: FY 2018 HUD User Income Limits; 2018-2014 ACS 5-year estimates.*

In 2018, 61% of homes sold in Arlington had three bedrooms, and 27% were four-bedroom units, representing 88% of the home sales that year. In the 2014 Housing Profile, the author explored the home sales from 2008-2012 and found that 69% of homes sold during that time were three-bedrooms and 20% were four bedrooms, representing 89% of sales. Overall, Arlington has not experienced significant change in that the majority of units being sold are still three- or four-bedroom units. However, the percentage of three bedrooms units being sold is down, while the percentage of four-bedroom units being sold has risen.

In 2018, the Snohomish County Assessor reported that Arlington’s median home sale price was \$357,000. Assuming a 20% down payment and a mortgage interest rate of 3.75, the lowest monthly ownership cost, with a 30-year fixed loan, for the median home sale price would be \$1,724. For a household to afford this monthly cost, and not be cost-burdened, an annual income of \$68,960 is required, about \$7,000 less that the median income.

Table 14 evaluates the affordability of home sales to each income bracket by number of bedrooms in 2018. “Not affordable” means that the minimum income required to purchase the home and not be cost-burdened is greater than 120% of the AMI. The percentages shown demonstrate the share of homes of that size that are affordable to those within the income group, adjusted for household size. For example, in looking at the number of three-bedroom units sold in 2018, 0% of those homes were affordable for extremely low-income households, 16% of those homes were affordable to very low-income households, and 85% were affordable to low-income households.



In reviewing this table, it becomes clear that the majority of homes sold were generally affordable to those making above 50% of the AMI. The 2014 Housing Profile observed that it may be likely that smaller households are purchasing larger homes simply since there is a very small share of units that are less than three bedrooms.

**Table 14. Arlington, Affordable Home Sales by Size, 2018**

Bedrooms	Extremely low-income (<30% AMI)	Very low-income (31 to 50% AMI)	Low-income (51 to 80% AMI)	Moderate income (81 to 95% AMI)	Middle income (95 to 120% AMI)	Not Affordable	Total Sales
1	0%	0%	33%	33%	67%	33%	3
2	0%	20%	79%	96%	100%	0%	18
3	0%	16%	85%	96%	99%	1%	222
4	3%	8%	71%	95%	99%	1%	95
5	5%	18%	79%	100%	100%	0%	19
6	0%	0%	0%	100%	100%	0%	2
<b>Total</b>	<b>1%</b>	<b>14%</b>	<b>80%</b>	<b>96%</b>	<b>99%</b>	<b>1%</b>	<b>359</b>

Source: FY 2018 HUD User Income Limits; Snohomish County Assessor Property Sales Data, 2018.

Table 15 displays how the median home sale price within Arlington has increased between 2015 and 2019. It also shows what the minimum income required would be to afford the monthly ownership costs. The median sale price increased by 45% between 2015 and 2019, with the minimum income required to purchase the median sale price growing by 48%. Appendix B provides further detail regarding these sale price trends. If the rapid increase in price continues, it's likely the cost of ownership will exclude even more households.




















**Table 15. Arlington, Median Home Sale Price Affordability, 2015-2019**

	Median Sale Price	Minimum Income Required		
		Per Year	Per Hour	Hours/Week at Minimum Wage for that Year
2015	\$255,000	\$50,090	\$24.08	102
2016	\$280,000	\$54,160	\$26.04	110
2017	\$319,475	\$63,696	\$30.62	111
2018	\$357,000	\$74,862	\$35.99	125
2019	\$370,750	\$74,055	\$35.60	119

Source: Snohomish County Assessor Property Sales Data, 2015-2019.

The Location Affordability Index (LAI) was developed by HUD and the US Department of Transportation (DOT) in 2013 to better understand housing and transportation costs for specific geographies. As discussed in the employment section, after housing costs, transportation costs are the largest type of expense for most households. The index models eight different household profiles that vary by percent of area median income, number of people, and number of commuters. The calculations account for twenty-four measures such as monthly housing costs, average number of rooms per housing unit, average vehicle miles traveled per year, walkability, street connectivity, and others. These eight model households are not meant to represent specific groups but are rather useful for relative comparison to the digester’s particular situation. Broken down to the neighborhood (census tract) level, the LAI offers what percentage of their income each household profile would typically spend on housing and transportation costs. This information can be useful to the general public, policymakers, and developers in determining where to live, work, and invest.

**Table 16. Arlington, HUD Location Affordability Index**

HOUSEHOLD PROFILE	% OF AMI	NUMBER OF PEOPLE	NUMBER OF COMMUTERS	% OF INCOME SPENT ON		
				 + 		
Median-Income Family	100%			48%	25%	24%
Very Low-Income Individual	National Poverty Level*			118%	46%	72%
Working Individual	50%			57%	28%	29%
Single Professional	135%			31%	18%	13%
Retired Couple	80%		—	48%	32%	16%
Single-Parent Family	50%			69%	36%	33%
Moderate-Income Family	80%			51%	29%	22%
Dual-Professional Family	150%			37%	21%	16%

\* \$11,880 for a single person household in 2016 according to US Dept. of Health and Human Services

Source: HUD Exchange Location Affordability Index, Version 3.

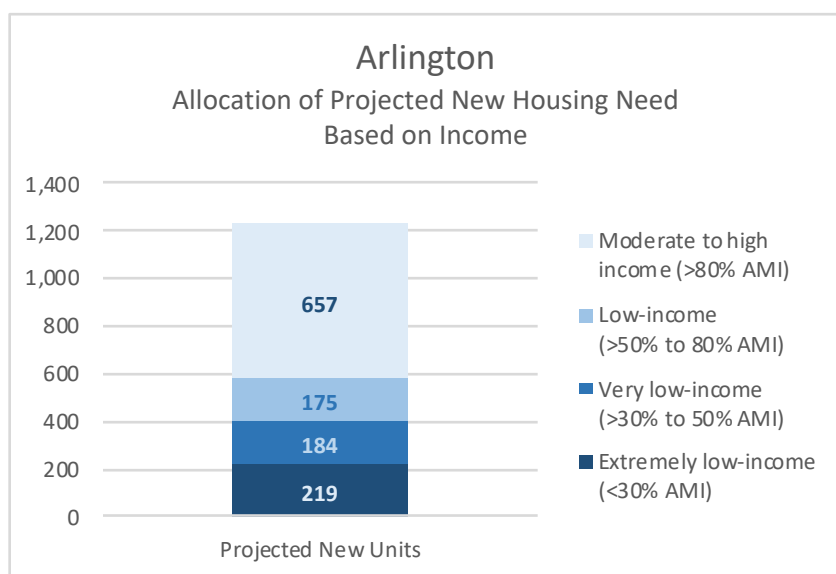
Version 3, the most recent version of the LAI, was published in March 2019. Its data sources include the 2016-2012 5-year American Community Survey, 2014 Longitudinal Employer-Household Dynamics, and a few others. Because the data is only available at the census tract level and not at the city level (Place in census terms) like most other data in this report, the numbers shown in Table 16 represent the average percentages of the census tracts that compose Arlington. The eight household profiles modeled for the LAI are displayed. Only three household profiles (Very Low-Income Individual, Retired Couple, and Single-Parent Family) are shown to be cost-burdened, or paying 30 percent or more of their income on housing costs. If this were the only measure of affordability under consideration, as it has been treated in this report thus far, Arlington would seem to be a reasonably affordable place to live. However, once transportation costs are brought into the conversation, the lack of affordability in Arlington becomes more concerning. All profiles spend over 30 percent of their income on housing and transportation costs combined, and all but two profiles spend over 45 percent, which is the maximum portion of income that should be spent on both types of costs. If this maximum is exceeded, HUD deems the location as unaffordable for the household profile in question. The most shocking number is the 72 percent of income spent on transportation costs by the Very Low-Income Individual profile, which brings their total spent on housing and transportation to 118 percent of their income.

The LAI shows how accessibility to work and amenities cannot be overlooked when addressing a city's affordability issues, especially when accessibility itself is one of the determinants of housing costs. The high accessibility of walkable, well-located neighborhood is normally added into the price of the rental and for sale housing there. Conversely, housing in a more rural area with lower access to opportunity will be priced at a discount. If a household living in a more rural area is paying only 20 percent of their income on housing but also 20 percent of their income on transportation and their urban counterpart is paying 30 percent of their income housing but only 10 percent on transportation, the more rural household should not be considered have a more affordable living situation. The LAI clearly shows that Arlington will need to consider how to make both housing and transportation costs more affordable for its citizens.

# HOUSING NEEDS & NEXT STEPS

The City of Arlington will need to plan for a total of 9,654 housing units by 2035 to reach their allocated growth target. With the remaining target to be built between 2020 and 2035, another 1,235 housing units should be built with the City's population demographics in mind. Figure 30 projects the number of housing units that will be needed to serve the distribution of incomes in Arlington, assuming the City's current mix of income stays constant. Nearly 47% of these new housing units will need to accommodate households earning less than 80% of the AMI.

**Figure 30. Arlington, Allocation of Projected New Housing Need Based on Income, 2019**



Source: 2016 CHAS Data (projected to 2018); City of Arlington Permitting Data

Arlington's median income has been on the rise since 2010 (growing at a faster rate than Snohomish County overall), and the City's income distribution has not changed drastically since 2000. However, the proportion of total households that are very low to extremely low-income has risen. Since income levels in the City have risen, it could be reasonable to assume this is due in part to new lower income residents moving to Arlington who are seeking more affordable housing options. As of 2018, 47% of the City's households were considered to be low-income, earning less than 80% of the AMI.

Over one-third of the households in Arlington are considered cost-burdened, as they spend more than 30% of their income on housing costs. 88% of cost-burdened households are low-income and 100% of severely cost-burdened households are low-income. Furthermore, the very low to extremely low-income households are far more likely to be cost-burdened. While it is not unusual to see the number of cost-burdened households decrease as income levels rise, it does highlight a need to create more opportunity for the lowest earners to reduce their housing costs. Additionally, it was observed that renters are also more likely to be cost-burdened overall, as 49% of renters are cost-burdened compared to 28% of owners, again, especially low-income renters. The City will need to make their lowest income earners, especially low-income renters, a major priority when

developing housing strategies for the next 30 years in order to help stabilize these households.

It was also important to observe how Arlington's population was aging. Significant growth among Arlington's residents within the 60-69 cohort was observed. As the City's population seems likely to age in place, it will be critical to provide the necessary housing options for seniors and elderly citizens that is not only affordable, but also addresses any special needs the aging population may have.

When evaluating employment in Arlington, it became clear that the City is an employment center, with 1.5 jobs for every housing unit. Forty-six percent of residents have a commute time longer than 30 minutes, indicating that many of Arlington's residents do not work in Arlington. To accommodate the amount of jobs projected for Arlington, increasing the supply of housing affordable to the Arlington workforce should be another priority, as transportation costs are next largest household expense.

Seventy-five percent of units in Arlington are single-family residences while 16% are apartments; overall, the housing stock lacks diversity. Sixty-nine percent of the housing units in Arlington have three or more bedrooms, and in 2018 of the 363 homes sold, 88% of them were three- or four-bedroom units. With the average household size being 2.68, there could be a need for units with fewer bedrooms.

There has been significant residential growth between 2017 and 2019, but the vast majority of new units built in Arlington have been multifamily or senior apartments within large complexes. While home values and rent prices have been rising at similar rates to Arlington's income levels, a lack of diverse housing options could be keeping residents stagnant in regard to their housing choices. When developing housing strategies moving forward, the City will need to focus on promoting the development of a variety of housing types to fill in the "missing middle".

Regarding housing affordability in Arlington, the City's rental housing is affordable to all households earning above 50% of the AMI. Rental housing becomes less affordable or unaffordable to households earning below 50% AMI, especially as bedroom count rises. However, no rental units are affordable to the lowest income earners in Arlington. In terms of ownership, it becomes clear that the majority of homes sold were generally affordable to those making above 50% of the AMI. However, those falling below 50% AMI will find it very difficult to find a home they can afford to purchase in Arlington, especially when considering required down payments, interest rates, insurance, and any required maintenance costs. The City should consider strategies to help support homeownership among the lowest income earners in the City to allow a more diverse set of residents to access the housing market.

In evaluating the overall affordability of Arlington, HUD's Location Affordability Index shows that households in Arlington pay a large percentage of their income on transportation costs, at times nearly equal to or in excess of the percentage of their income they spend on housing costs. Housing in Arlington may be considered more affordable at the regional scale. However, when transportation costs are added into the affordability equation, it's evident the City must address the disproportionately high transportation costs its citizens are facing if it wants to tackle the issue of affordability at large. Introducing more public transit options, encouraging greater density closer to commercial centers, and promoting the production of housing that is affordable to the City's local workforce are some of the measures that could lead to lower transportation costs for Arlington residents.

# HOUSING ELEMENT EVALUATION

The Arlington Comprehensive Plan Housing Element evaluation that follows is an assessment of the housing policies formed during the 2017 Comprehensive Plan Update. The purpose of this evaluation is to analyze the effectiveness of Arlington’s current housing policies by understanding the effect they have had on housing development from their adoption through the end of 2019. Numbers are based on available building permit data from PSRC for 2017 and data from the City of Arlington for 2018-2019.

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
<b>GH-1 Diversify the City’s housing stock.</b>			
<b>PH-1.1 A variety of housing types and densities should be encouraged on lands with a residential land-use designation.</b>	Since 2017, of the 1,311 units built, 92% have been 1-3 bedroom apartments mostly in high density residential zones.	High density zones is where most of capacity exists.	Provide a variety of residential zoning designations with varying degrees of density in order to achieve more varied housing development.
<b>PH-1.2 Detached Accessory Dwelling Units should be permissible in residential zones</b>	ADUs are allowed in all residential zones; however, none have been permitted during this planning period.	Size and design of many existing SF homes may not accommodate ADUs under current regulations.	Modify the SF restrictions to lower barriers for ADU development.
<b>PH-1.3 Mobile and manufactured home parks should be permissible in the City subject to specific site plan requirements.</b>	Mobile and manufactured homes are allowed in most residential zones; however, none have been developed during this planning period.	Market conditions have shifted development from manufactured homes to more focused high density projects.	Consider reducing utility connection fees for mobile or manufactured homes to lower barriers to access.
<b>PH-1.4 Adequate housing opportunities for residents with special housing needs should be provided within the City</b>	43% of multifamily units built during this planning period have addressed special housing needs for low-income families and seniors.	The City established partnerships with developers to accommodate diverse populations with varying needs.	Continue strengthening partnerships and monitor changes in development and revise policy accordingly.
<b>PH-1.5 Different classes of group homes should be permissible in residential neighborhoods.</b>	No group homes have been developed during this planning period.	Group homes are not allowed in all residential zones and, where allowed, require a special permit process.	Better define varying classes of group homes; streamline permit processes.

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
<b>GH-2 Ensure the development of new multi-family housing and small single-family units occur within close proximity to commercial areas within the City</b>			
<b>PH-2.1 Multi-family housing should be located close to commercial and employment centers, transportation facilities, public services, schools, and park and recreation areas.</b>	High density zones that support multifamily housing are clustered near medical services, commercial zones, and the Old Town District that also has commercial opportunities with parks and open space nearby.	City strategically zoned high density areas to accommodate multifamily development near areas of opportunity. The City established a mixed-use overlay where a majority of new development has occurred.	Continue permitting and monitoring housing development within the mixed-use overlay to ensure multifamily housing is located near areas of opportunities.
<b>PH-2.2 Cottage Housing should be incentivized in moderate and high density residential areas within the City.</b>	No cottage developments have been permitted during this planning period.	Cottage developments require open space but provide no density bonuses.	Consider offering density bonuses in the cottage housing code to incentive development. Streamline permit process.
<b>PH-2.3 Utilize Mixed Use mechanisms to incentivize housing within close proximity to commercial uses.</b>	72% of the units built between 2017-2019 have been within the City's recent Mixed-Use Overlay areas.	City developed flexible mixed-use regulations that allowed for retail along street frontage and higher density residential on remainder of property.	Continue monitoring usage of the mixed-use overlay and revise regulations as needed.
<b>GH-3 Ensure stable residential neighborhoods through public investment in infrastructure and by preserving existing housing stock.</b>			
<b>PH-3.1 Funds should be adequately budgeted for periodic maintenance of existing infrastructure in residential neighborhoods throughout the City</b>	The City has established a Pavement Preservation program that utilizes Arlington Transportation Benefit District sales tax for funding.	The TBD focuses on roads that are in need of repair that will not see improvement through redevelopment in the near future.	Continue collecting TBD sales tax to contribute to new projects within the Pavement preservation program.
<b>PH-3.2 A long-term plan should be developed for bringing neighborhoods that lack adequate infrastructure up to the City's current design and streetscape standards, including trails for pedestrian connectivity.</b>	The City has established a 20 year Transportation Improvement Plan in 2019 for long term projects that includes motorized and non-motorized projects and the city also established a complete streets program.	The City's Complete Street program is to help address all modes of transit in addition to automobile traffic, to improve pedestrian and multi-modal trails and paths throughout the city.	Continue developing 6 year TIPs in order to supplement the 20 year TIP to react better to market growth, and further implementation of the complete streets program.



GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
<b>GH-4 Encourage the development of special needs housing within the City.</b>			
<p><b>PH-4.1 The City should support the development of housing for the elderly, handicapped, and other special needs populations through the allowance of mixed-use housing, group housing, and other housing types.</b></p>	<p>Between 2017-2019, 32% of housing units built were for seniors within the mixed-use overlay.</p>	<p>An increased market demand for senior housing in the area has allowed for new projects to be submitted utilizing the mixed-use overlay for mixed use high density Senior housing.</p>	<p>Identify special needs that may exist among the City's population and if their special housing needs are being met sufficiently.</p>
<p><b>PH-4.2 Senior housing should be located in close proximity to hospitals, public transportation routes, retail/ service centers, and parks.</b></p>	<p>Between 2017-2019, 32% of housing units built were for seniors within the mixed-use overlay. These recent developments are near medical services and retail/ service centers but are lacking in public transportation and park access.</p>	<p>The mixed-use overlay allows for a mix of commercial and residential development, which allows access to many of the goods and services seniors may need. As a whole, the city lacks ample public transportation options, so locating senior housing near public transportation routes is harder to accommodate.</p>	<p>Continue promoting the utilization of the mixed use overlay for Senior housing in order to provide close proximity to hospitals, public transportation routes, retail/ service centers and parks.</p>
<b>GH-5 Encourage a quality housing stock within the City.</b>			
<p><b>PH-5.1 The City should develop and maintain Development Design Guidelines/Standards that address aesthetic and environmental design issues for single-family and multifamily residential development.</b></p>	<p>The City has established Design Review Standards that address the aesthetic and environmental design issues for residential development.</p>	<p>The Design Standards are all encompassing and apply all standards to multiple zones with different building types.</p>	<p>Continue refining the Design Review standards, and create subarea standards to address concerns within current standards.</p>
<p><b>PH-5.2 The City should coordinate with willing neighborhood-based groups and other volunteer organizations to promote housing rehabilitation efforts.</b></p>	<p>The City is open to working with neighborhood groups and volunteer organizations in order to promote and establish housing rehabilitation efforts.</p>	<p>A low amount of these groups currently exist in the city, further out reach will improve the quantity and quality of these groups.</p>	<p>Continue establishing new and maintaining existing relationships with non-profit organizations, especially those involved with first-time home buying or renter rights.</p>



GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
<p><b>PH-5.3</b> The City should promote the conservation of housing through investment in the infrastructure serving residential areas (storm drainage, street paving, and recreation).</p>	<p>The City has established a Pavement Preservation program that utilizes Arlington Transportation Benefit District sales tax for funding.</p>	<p>The TBD focuses on roads that are in need of repair that will not see improvement through redevelopment in the near future.</p>	<p>Continue collecting TBD sales tax to contribute to new projects within the Pavement Preservation program.</p>
<p><b>PH-5.4</b> The City should maintain code enforcement programs to catch problems early, avoid extensive deterioration of housing units, and to motivate owners to repair and improve maintenance of their structures.</p>	<p>The City has a code enforcement officer that responds to public comments and catches problems early in order to avoid extensive deterioration of housing units.</p>	<p>The City has only one code enforcement officer.</p>	<p>Continue code enforcement program to ensure the Municipal Code is maintained.</p>
<p><b>PH-5.5</b> The “Old-Town” residential area of the City should be protected as a traditional, single-family neighborhood by allowing only single-family, accessory dwellings, and duplexes that are compatible with the neighborhood in terms of use, design, and setback.</p>	<p>Between 2017-2019, there has been no development within the “Old Town” residential area of the City.</p>	<p>Most of the Old Town Residential area has been previously built out as the historic residential area, within minimal lots available for redevelopment.</p>	<p>To continue preserving this area of town, the City should consider adopting design guidelines or a form-based code specifically for the Old Town Residential District – building upon the existing design guideline for the City and the Old Town Business District.</p>
<p><b>PH-5.6</b> The City should encourage weatherization of housing units and disseminate information regarding assistance available from the electric and gas utility companies, charitable organizations, and public agencies.</p>	<p>The city’s Building Department requires all new structure meet current energy code and weatherization requirements.</p>	<p>The City can only require updates on new structures or changes of use.</p>	<p>Continue requiring all weatherization and energy requirements are met, and continue working with electric and gas utility companies, charitable organizations and public agencies.</p>

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
<b>GH-6 Establish and maintain a streamlined permitting processing to help create predictability for customers.</b>			
<p><b>PH-6.1 The City should maintain streamlined permit processing procedures, centralized counter services, pre-application conferences, printed information summarizing permit approval requirements, standards and specifications, area-wide environmental assessments, concurrent permit and approval processing, permit and approval deadlines, and single hearings.</b></p>	<p>Please find attached the spreadsheets that indicate both the project and the processing time for each type of permit. Both CUP and Zoning permits have decreased in process time from previous years. SUP's have increased in processing time, but that is attributed to the sheer number of permits processed during that timeline.</p>	<p>The most significant difference is that we request that all permits applied for go through concurrent review processes; land use, civil review and building review. This creates an environment that requires collaboration of all reviewing staff so that any issues identified during the review process can be addressed immediately and resolved with the applicant in a time sensitive manner.</p>	<p>Streamline permit processes by eliminating the requirements for some conditional uses or zoning verifications frequently found in the permissible use table.</p>
<b>GH-7 Increase the opportunity for all residents to purchase or rent safe, and sanitary housing through incentives and other programs.</b>			
<p><b>PH-7.1 The Planning Commission should review State and federal housing programs and make recommendations to City Council regarding future grant applications.</b></p>	<p>The City applied for grant funding provided through E2SHB 1923 in 2019. No housing grant funds have been applied for during this timeline.</p>	<p>This evaluation is a product of HB 1923 grant funding; this effort also includes a housing action plan to be adopted spring 2021.</p>	<p>Expand grant finding efforts to Planning Commission.</p>
<p><b>PL-7.2 The City should coordinate with willing neighborhood-based groups or other volunteer organizations to promote rehabilitation and community revitalization efforts.</b></p>	<p>The city is open to working with neighborhood groups and volunteer organizations in order to promote and establish rehabilitation and community revitalization efforts.</p>	<p>A low amount of these groups currently exist in the City, further out reach will improve the quantity and quality of these groups.</p>	<p>Continue establishing new and maintaining existing relationships with non-profit organizations, especially those involved with first-time home buying or renter rights.</p>
<p><b>PL-7.3 The City should support agency and nonprofit organizations in the creation of housing opportunities to accommodate the homeless, elderly, physically or mentally challenged, and other segments of the population who have special needs.</b></p>	<p>While some of the recent units built between 2017-2019 have been for low-income seniors, none have been built for the homeless or disabled population. The City has an ongoing relationship with organizations such as the Housing Authority of Snohomish County who have helped build and maintain special housing options for low-income seniors in Arlington.</p>	<p>Many of the special housing needs mentioned require a conditional use permit. This can add time and overall cost to a project.</p>	<p>Continue and expand opportunities within the City for these organizations to maintain and build more special housing options. Monitor unit availability and population numbers with special housing needs and adjust policies accordingly as needs shift. Streamline permit processes.</p>

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
<b>GH-8 Promote and facilitate the provision of affordable housing in all areas and zoning districts of the City.</b>			
<p><b>PH-8.1 The City should work to ensure that housing options for low- and moderate-income households are: a) dispersed throughout the City to discourage a disproportionate concentration of such housing in any one geographical area of the City; b) are located near amenities such as commercial and employment areas, transportation facilities, and recreational opportunities and; c) are inclusive of a variety of housing types.</b></p>	<p>Between 2017-2019, 567 affordable units were built for either seniors or families in various parts of the city near areas of opportunity. However, most of these units have been apartments catering to a small range of demographics. There is a lack of “missing middle” housing being built.</p>	<p>Most of the development has taken place in commercial or high density zones which is where the readily available capacity exists. No maximum density in the RHD zone makes apartments an attractive option to maximize unit count. However, there is a lack of incentives for any other type of housing development.</p>	<p>Continue locating affordable units in the mixed-use overlay areas, so they are paired with goods and services. Incentivize more variety in unit type such as duplexes, triplexes, courtyard apartments, or townhomes to provide units that are more affordable to a wider range of residents.</p>
<p><b>PH-8.2 The City should continue to support and participate in regional housing cooperatives such as Snohomish County’s Alliance for Affordable Housing and other regional organizations that promote affordable housing.</b></p>	<p>The City is an active member of local regional cooperatives and has worked with affordable housing partners in the area.</p>	<p>A limited amount of these groups do work within the Arlington Area currently.</p>	<p>Continue establishing new and maintaining existing relationships with regional cooperatives and affordable housing organizations.</p>
<p><b>PH-8.3 The City should support and encourage private developers and organizations who seek to provide below-market housing units by utilizing various tools such as a) allowing alternative development type b) implementing regulatory tools c) providing general incentives d) financial help e) encouraging project level actions that help with affordability. The City should provide criteria and process for ensuring that those units remain affordable over time.</b></p>	<p>a) Since 2017, of the 1,311 units built, 92% have been 1-3 bedroom apartments in mostly high density residential zones. 54% of the multi-family units built are affordable.  b) 72% of the units built between 2017-2019 have been within the City’s recent Mixed-Use Overlay areas.  c) No incentives for residential development are currently available.  d) No ADUs have been permitted between 2017-2018.  e) No long term affordability programs currently exist. That is something that we hope to identify as a part of this HAP.</p>	<p>A lack of diversity in units built between 2017-2019 could be due to limited incentives for building units like duplexes, triplexes, cottages, or lower density apartments/condos.</p>	<p>The City should consider ways to incentivize missing middle housing across all residential zones to diversify development patterns. Continue monitoring development within the mixed-use overlay areas to ensure long-term success. Explore flexible development standards that may aid in more diverse housing development. Streamline permit processes.</p>

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
<p><b>PH-8.4 As part of any rezone that increases residential capacity, the City should consider requiring a portion of units to be affordable to low- and moderate-income households.</b></p>	<p>Villas at Arlington Rezone occurred in 2017. It consisted of a 14.95 acre parcel zoned Residential Moderate Density (RMD) rezoned to Residential High Density to allow construction of a 312 unit, 17 building, Multi-Family apartment project. These are affordable units(60% AMI). AVS Rezone occurred in 2019,. It consisted of a 9 acre parcel zoned General Industrial (GI) rezoned to General Commercial (GC) with a Mixed-Use Overlay to be applied to allow for an affordable Multi-Family apartment project. This project has been delayed for an undetermined time.</p>	<p>The City has not implemented this policy.</p>	<p>The City should consider taking this action when a rezone occurs in order to help leverage the market and build more affordable units.</p>

While this evaluation is based on the work completed between the 2017 Plan Update through the end of 2019, it is important to acknowledge work the City has on the docket for 2020. The City of Arlington has a total of seven items submitted under the 2020 Comprehensive Update docket cycle. Several of these items are parcel rezones initiated by private entities, but the bulk of zoning changes have been initiated by the City of Arlington.

The most significant changes stem from a recognition that the existing residential zoning designations often no gradual transition between neighborhoods and do not facilitate a variety of housing types. There are currently three residential zones that exist: Suburban Residential with a maximum of four dwelling units an acre, Residential Moderate Density with a maximum of six dwelling units an acre, and Residential High Density that has no maximum density but must meet parking and open space requirements.

The proposed changes will create a Residential Low Capacity zone that allows for 5 - 6 dwelling units per acre, a Residential Moderate Capacity zone that allows for 7 - 11 dwelling units per acre, a Residential Medium Capacity zone that allows for 12 - 16 dwelling units per acre, a Residential High Capacity zone that allows for 17 and greater dwelling units per acre, and an Old Town Residential zone which allows for lot sizes established with the original plats to be utilized but not less than 3,800 square feet. These new residential zones are designed to facilitate a variety of densities and housing types that are missing in Arlington’s existing house profile, as demonstrated in the evaluation completed above.

# APPENDIX A: SINGLE-FAMILY HOME SALES

	2015	2016	2017	2018	2019
<b>Median Sale Price</b>	\$255,000	\$280,000	\$319,475	\$357,000	\$370,750
<b>Average Sale Price</b>	\$258,150	\$287,220	\$317,945	\$357,638	\$372,936
<b>Number of Sales</b>	373	440	454	356	288

## Median Sale Price Home Affordability

	2015	2016	2017	2018	2019
<b>Mortgage Amount</b>	\$204,000	\$224,000	\$255,580	\$285,600	\$296,600
<b>Interest Rate</b>	3.87%	3.71%	4.03%	4.58%	4.05%

## Total Monthly Payment Breakdown (Not Including Utilities)

Mortgage Payment (Principal + Interest)	\$959	\$1,032	\$1,225	\$1,461	\$1,425
Taxes & Other Fees	\$213	\$233	\$266	\$298	\$309
Home Insurance	\$81	\$89	\$101	\$113	\$117
<b>TOTAL</b>	<b>\$1,252</b>	<b>\$1,354</b>	<b>\$1,592</b>	<b>\$1,872</b>	<b>\$1,851</b>

<b>Minimum Annual Income to Afford in 2019 Dollars</b>	\$50,090 \$54,029	\$54,160 \$57,692	\$63,696 \$66,434	\$74,862 \$76,218	\$74,055
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## First Quartile Sale Price Home Affordability

	2015	2016	2017	2018	2019
<b>Mortgage Amount</b>	\$172,000	\$193,600	\$213,560	\$244,800	\$256,000
<b>Interest Rate</b>	3.87%	3.71%	4.03%	4.58%	4.05%

## Total Monthly Payment Breakdown (Not Including Utilities)

Mortgage Payment (Principal + Interest)	\$808	\$892	\$1,023	\$1,252	\$1,230
Taxes & Other Fees	\$179	\$202	\$222	\$255	\$267
Home Insurance	\$68	\$77	\$85	\$97	\$101
<b>TOTAL</b>	<b>\$1,055</b>	<b>\$1,170</b>	<b>\$1,330</b>	<b>\$1,604</b>	<b>\$1,598</b>

<b>Minimum Annual Income to Afford in 2019 Dollars</b>	\$42,210 \$45,530	\$46,812 \$49,864	\$53,200 \$55,487	\$64,156 \$65,318	\$63,920
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Source: Snohomish County Assessor Property Sales Data, 2015-2019.

# APPENDIX B: METHODOLOGY

## Affordability – Adjustment for Household Size

Where it is indicated that housing cost affordability is assessed adjusting for household size, several factors were considered. First, based on guidelines for the Low-Income Housing Tax Credit which assumes 1.5 persons per bedroom, the appropriate size range that could inhabit the housing unit in question was determined. For example, a 1-bedroom unit would be large enough for one or two people. Next, because HUD adjusts the HUD adjusted median family income (HAMFI) 10% lower for each person less than 4 people and 8% more for each person greater than 4 people, the average adjustment for a 1-person household and 2-person household was used to determine if a 1-bedroom unit was affordable. This would be 75% of HAMFI since the 1-person HAMFI is 70% of the 4-person HAMFI and the 2-person HAMFI is 80% of the 4-person HAMFI<sup>1</sup>. Based on this, the household size adjustment factors for estimating affordability based on number of bedrooms is shown in Table C.1.

**Table C.1. Household Size Adjustment Factors for Estimating Affordability**

Number of Bedrooms	Adjustment Factor
0	0.70
1	0.75
2	0.90
3	1.04
4	1.16
5	1.28
6	1.40

*Source: HUD User CHAS Affordability Analysis*

Table C.2 shows the maximum a household within each income level can afford to spend on housing per month by household size. For example, a 5-person very low-income household can afford to spend \$1,445 per month on housing costs. Table C.3 displays the maximum monthly expense that is affordable for the unit's number of bedrooms, adjusted for household size. If a 3-bedroom rents for \$835 a month, it is considered to be affordable, on average, to an extremely low-income household.

**Table C.2. Seattle-Bellevue, WA HUD Metro Fair Market Rent Area, Maximum Monthly Housing Expense by Income Level and Household Size, 2018**

	Number of Persons per Household							
	1	2	3	4	5	6	7	8
Extremely low-income (<30% AMI)	\$563	\$643	\$723	\$803	\$868	\$931	\$996	\$1,060
Very low-income (31 to 50% AMI)	\$936	\$1,070	\$1,204	\$1,338	\$1,445	\$1,553	\$1,659	\$1,766
Low-income (51 to 80% AMI)	\$1,405	\$1,605	\$1,806	\$2,006	\$2,168	\$2,328	\$2,489	\$2,649
Moderate income (81 to 95% AMI)	\$1,720	\$1,965	\$2,213	\$2,456	\$2,653	\$2,850	\$3,048	\$3,243
Middle income (95 to 120% AMI)	\$2,173	\$2,483	\$2,793	\$3,102	\$3,353	\$3,600	\$3,848	\$4,095

Source: FY 2018 HUD User Income Limits.

**Table C.3. Seattle-Bellevue, WA HUD Metro Fair Market Rent Area, Maximum Monthly Cost that is Considered Affordable by Income Level and Number of Bedrooms (Adjusted for Household Size), 2018**

	Number of bedrooms						
	0	1	2	3	4	5	6
Extremely low-income (<30% AMI)	\$562	\$602	\$722	\$835	\$931	\$1,027	\$1,124
Very low-income (31 to 50% AMI)	\$936	\$1,003	\$1,204	\$1,391	\$1,552	\$1,712	\$1,873
Low-income (51 to 80% AMI)	\$1,404	\$1,505	\$1,806	\$2,087	\$2,327	\$2,568	\$2,809
Moderate income (81 to 95% AMI)	\$1,719	\$1,842	\$2,210	\$2,554	\$2,849	\$3,143	\$3,438
Middle income (95 to 120% AMI)	\$2,171	\$2,327	\$2,792	\$3,226	\$3,598	\$3,971	\$4,343

Source: FY 2018 HUD User Income Limits

### Home Ownership Affordability

Home ownership affordability was calculated using similar techniques to the California Association of Realtor's Housing Affordability Index. First, property sale data was acquired from the Snohomish County Assessor, and single-family home sales in Arlington were separated. Next, the monthly payment for these homes was calculated using several assumptions:

- Assuming a 20% down payment, the loan amount is then 80% of the total sale price
- Mortgage term is 30 years.



- Interest rate is the national average effective composite rate for previously occupied homes as reported by the Federal Housing Finance Board.
- Monthly property taxes are assumed to be 1% of the sale price divided by 12.
- Monthly insurance payments are assumed to be 0.38% of the sale price divided by 12.

These assumptions provided the monthly costs expected to be paid for the median home sale price from the Snohomish County Assessor data. The monthly costs were divided by .3 and multiplied by 12 to determine the minimum annual income needed to afford the median sale price. Note that monthly utility payments are not included because of lack of data for estimating these costs, so affordability may be overestimated.

### Household Income Levels

Area Median Income, or AMI, is an important part of many housing affordability calculations. In Snohomish County, HUD uses the Seattle-Bellevue, WA HUD Metro Fair Market Rent Area median family income as AMI. Along with fair market rents, this is recalculated every year, both as an overall average and by household size up to 8 individuals. Standard income limit categories are as follows:

- Extremely low income: <30% AMI
- Very low income: between 30 and 50% AMI
- Low income: between 50 and 80% AMI

**Table C.4. FY 2018 Seattle-Bellevue, WA HUD Metro Fair Market Rent Area Income Limits**

Median Family Income	Income Limit Category	Persons in Family							
		1	2	3	4	5	6	7	8
\$103,400	Extremely low-income 0-30% AMI	\$22,500	\$25,700	\$28,900	\$32,100	\$34,700	\$37,250	\$39,850	\$42,400
	Very low-income 31-50% AMI	\$37,450	\$42,800	\$48,150	\$53,500	\$57,800	\$62,100	\$66,350	\$70,650
	Low-income 51-80% AMI	\$56,200	\$64,200	\$72,250	\$80,250	\$86,700	\$93,100	\$99,550	\$105,950

Source: FY 2018 HUD User Income Limits

The HUD Income Limits Documentation System does not include the income limits for the moderate income (between 80 and 95% AMI) or middle income (between 95 and 120% AMI) categories. However, they were calculated from HUD AMI and included in the affordability calculations.

One thing to note is the substantial difference between the AMI and the median household income within the City of Arlington, which was \$76,097 in 2018. Even the median family income, from which the HUD calculations are based, was \$91,002, which is still over \$10,000 less than the AMI. Using the regional standard of the AMI likely causes some units that are affordable in the city to be overlooked while also overestimating what the average Arlington household can afford. Regardless of these limitations, the AMI is an important measure when determining the need for affordable housing since the federal housing programs use the HUD-defined



AMI to determine eligibility.

**Assumptions and Extrapolation**

To draw a better comparison between the HUD CHAS data and the 2018 ACS 5-year estimates data prominently used throughout this report, the 2016-2012 CHAS data was extrapolated to 2018. Assuming population and housing production grew linearly between 2016 and 2018, the 2016 CHAS data was multiplied by the household growth rate between those years (1.37% for Arlington and 3.99% for Snohomish County) to calculate the 2018 CHAS data.

# APPENDIX C: COMMUNITY ENGAGEMENT

## Overview

Arlington developed the Housing Action Plan (HAP) to outline goals and strategies to meet the needs of the city's current and future populations. Those needs were partly evaluated through the Housing Needs Assessment. However, a public engagement effort was also led to hear about those needs from various stakeholders as well as the community at large. The input from the key stakeholders and the public was instrumental in developing the strategies and actions of the HAP.

## Community engagement effort

This report summarizes the results of the community engagement activities. Even though the COVID-19 pandemic caused plans to shift regarding the original engagement approach of a focus group session and an in-person open house, a flexible team and online resources allowed the effort to receive substantial feedback at just under 240 responses. The primary form of engagement was through two online surveys.

The first was a Barriers to Housing Survey that sought to identify barriers to affordable housing and housing development in general, as well as specifically within Arlington itself. At the beginning of May 2020, the survey was sent to a group of key stakeholders that had been identified by the City, and they were given two weeks to submit their responses. The stakeholders included real estate professionals, both market-rate and affordable housing developers, staff of non-profit organizations that specialize in addressing housing needs, and local religious group leaders. Of the group selected, 50 percent of stakeholders responded to the survey.

The second survey was a Housing Needs Survey. The questions asked respondents to generally provide feedback about the current housing supply in Arlington and which housing needs they believe are the most salient. The survey was posted on the City's website on the Housing Action Plan webpage. It was also posted on the City of Arlington Facebook page. From the beginning of June through the end of July 2020, the survey received a total of 230 responses.

## Response summary: Barriers to Housing Survey

The Barriers to Housing Survey received a range of responses from the stakeholders, but there were a few themes that were repeated and deserve emphasizing. Here are the primary questions that were asked along with an answer that summarizes the general response received.

- In general, what factors have you identified that tend to artificially raise the cost of housing or housing development? (impact fees, zoning/policy regulations, permit processes, etc.)

*The price of land is very high, and there is too much residential land that is solely zoned for single-family residential. The local permitting process and other required review procedures are too burdensome and sometimes redundant, which can be costly. Impact fees, frontage improvements, and off-street parking requirements are other contributing factors to the high cost of housing development. Lastly, there are not enough subsidies available to build and maintain non-market rate housing.*

- Can you identify any cities that you believe have successfully implemented strategies to eliminate barriers to housing development or to maintaining housing that is affordable? If so, which cities? Please elaborate on any strategies utilized.

*Everett has implemented impact and connection fee waivers as well as reduced parking requirements for affordable housing developments. They as well as Seattle have made significant financial commitments to ensure affordable housing is developed. Minneapolis has abolished single-family zoning by allowing medium-density residential development in all single-family zones. Bellingham has expedited permitting for affordable housing. Snohomish has increased the SEPA thresholds for minor construction to the state maximum.*

- Are there any new/innovative strategies or policies for reducing barriers to housing development or maintaining housing that is affordable that you have encountered that are not widely utilized yet?

*Strategies include: setting a maximum lot size; allowing multiplexes in all residential zones; donating surplus publicly-owned land to affordable housing development; decreasing restrictions on accessory dwelling units; and implementing a form based code.*

- Do you foresee any impacts, positive or negative, in reducing or streamlining regulatory processes? If so, what kind? And how might these impacts be mitigated? Are there regulations that may delay processes, but are necessary for ensuring fairness and quality? If so, please identify. Does the permitting process pose a greater, comparable, or smaller barrier to building housing than do the land use regulations? (such as regarding timeliness and consistency of permitting decisions)

*Permitting processes pose a comparable barrier to building housing compared with land use regulations. A drawn-out review process can be costly because of the delay in return on investment. Redundant reviews are excessively an issue. The possibility to streamline permits for all projects should be assessed and should occur if feasible. Permit streamlining should definitely apply to reviews of affordable housing developments.*

- What are the most significant changes that would need to occur to develop other types of housing or ensure affordable housing in Arlington (e.g. policies, industry issues, economics, financing)?

*A housing strategy that commits to specific housing goals for different annual median income categories is necessary. Support from the City as well as the community at large is necessary for successful affordable housing goals. This includes financial support. Zones that are exclusively reserved for single-family residential should no longer exist.*

- Are there any barriers to housing development or to maintaining housing that is affordable that exist in Arlington but not in other cities in Snohomish County or the Puget Sound? If so, please elaborate.

*Funding is the largest hurdle. Arlington has to secure funding or financially commit to non-market housing. The limited availability of land that is zoned properly and environmentally feasible for housing development is also a large barrier. Arlington also lacks high capacity transit and has limited workforce housing compared to the size of its local workforce.*

- Which incentives typically help the most to facilitate housing development? If applicable, which do you typically utilize in your projects? Are any of these not available in the City of Arlington?

*The transfer of surplus publicly-owned land to non-profit affordable housing developers seems to be a successful*

tool. Local tax dollars or a levy specifically committed to both the construction and operation of affordable housing is vital. This can be used to supplement the affordable housing developer’s funds. Impact fee waivers, an inter-local agreement with the Housing Authority of Snohomish County, reduced parking requirements, density bonuses, transit oriented development, and employment oriented development should also be prioritized by Arlington.

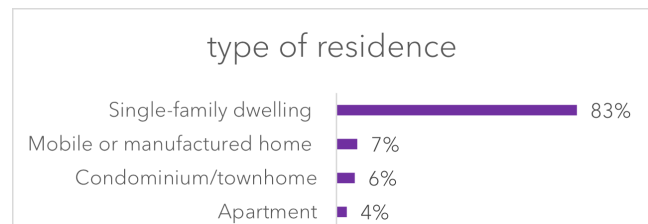
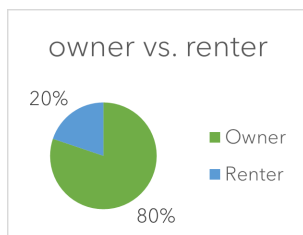
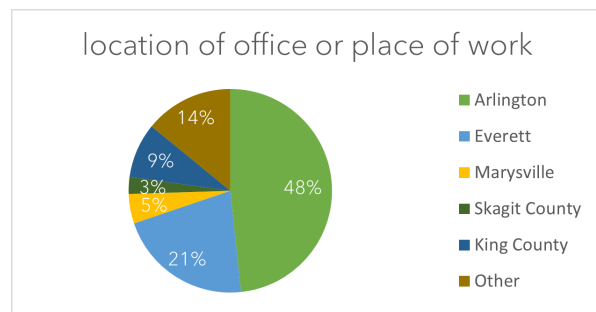
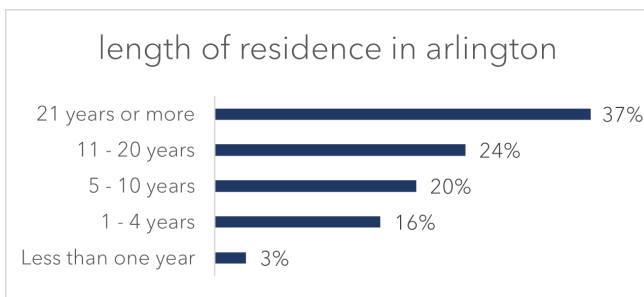
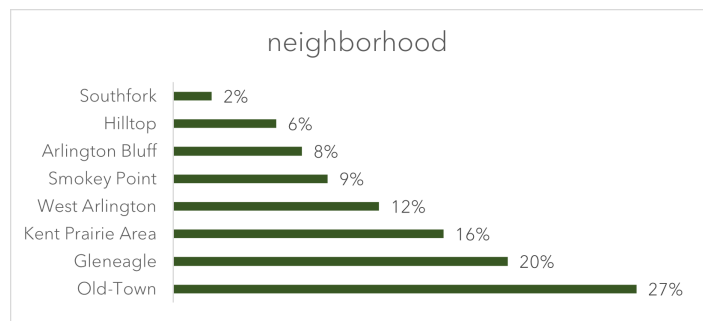
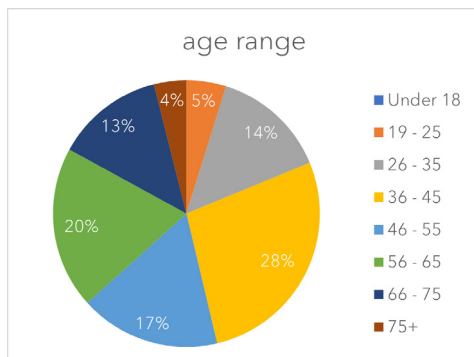
- What role do you think local and/or state government should have in providing affordable housing?

The local government needs to be a public funder, facilitator, and advocate of affordable housing. Cities should proactively work with nonprofit housing organizations to increase the supply of affordable housing. The State is leaving it to the cities for now, but if meaningful action is not taken, action will surely be mandated from the state, if not the federal, level before long. Local governments can play a substantial role in increasing the affordability of housing by having proper zoning/regulations and efficiencies in place to help increase the supply of housing in general. By encouraging increased supply at all levels, it will drive down cost and increase attainability across the board. Government must also have the courage to make the difficult and sometimes unpopular decisions to get this result to help everyone.

## Response summary: Housing Needs Survey

Through its 230 responses, the Housing Needs Survey garnered feedback from a sample population of Arlington residents. In the ways that it does not totally represent the Arlington community, the Housing Needs Assessment hopefully fills those gaps adequately. Here is a snapshot of the population that was reached and their thoughts on the housing supply in Arlington.

### RESPONDENT CHARACTERISTICS



**RESPONDENT THOUGHTS ON ARLINGTON HOUSING SUPPLY**

