

Memo

To: King County Affordable Housing Committee Members
From: McCaela Daffern, Regional Affordable Housing Implementation Manager and Melissa Aguilar, Regional Affordable Housing Specialist
cc: Housing Interjurisdictional Team
Date: September 23, 2022
Re: Selection of Jurisdictional *by Income Level* Housing Need Option

Purpose of September 29 AHC Meeting

At the September 29 Affordable Housing Committee (AHC or Committee) meeting, Committee members will:

- learn about jurisdictional *by income level* housing need option alignment with the key principles and **approve a preferred option**
- learn about a proposed method for allocating *special housing* (permanent supportive housing and emergency housing/shelter) needs and **confirm the process** for allocating both types of *special housing* needs.

In addition to reading this staff report, AHC members are encouraged to review an interactive [jurisdictional housing need options dashboard](#) prior to the meeting. It now includes revised *by income level* allocation options. When accessing the dashboard, close the box if asked for a password; the dashboard is not password protected.

Background

State Process to Establish Countywide Housing Needs

In 2021, the Washington State Legislature passed House Bill 1220, which directed the Department of Commerce (Commerce) to supply two types of housing need projections that jurisdictions must plan for and accommodate in their 2020-2044 comprehensive plans, among other amendments to housing element requirements in the Growth Management Act.¹ These include:

1. *By income level*: 0-30, 31-50, 51-80, 81-120, >120 percent area median income (AMI), and
2. *Special housing*: emergency housing, emergency shelters, and permanent supportive housing.²

¹ The projections do not represent what a jurisdiction is responsible for building or achieving over the planning period. Rather, they represent the housing needs a jurisdiction must plan for and accommodate during the planning period. This means that jurisdictions must show that they have adequate capacity for their allocated needs at appropriate levels of density as well as policies in place for supporting and enabling housing production at each affordability level, including those that are below market rate.

² For definitions, see exhibits 1 and 2 on page 2 of Commerce's Draft Guidance for Allocating Projected Countywide Housing Needs to Local Jurisdictions. [\[link\]](#).

Commerce will provide these need projections at a countywide scale, and provide guidance to counties and their jurisdictions on how to allocate both *by income level* and *special housing* needs to local jurisdictions.

In August 2022, Commerce released to King County draft countywide housing need projections *by income level* and is expected to release draft *special housing* need projections publicly in late September or early October. Both projection types will be finalized in the late fall or early winter.

Jurisdictional Allocation Method and Alignment with Local Growth Management Efforts

While Commerce finalizes countywide need projections, the Committee, under direction from Growth Management Planning Council (GMPC) Motion 21-1 and in response to recent amendments to the Growth Management Act authorized by HB 1220, must recommend Countywide Planning Policy (CPP) amendments to establish jurisdictional housing needs *by income level* and *special housing type* to the GMPC. The AHC, in collaboration with King County jurisdictions, can recommend any method of allocation, so long as it meets Commerce's minimum standards (see Figure 1).

As a starting point for determining an allocation method, the AHC must select a total housing need projection within the range of the Low, Medium, and High countywide housing needs projections published by Commerce. Based on draft numbers supplied by Commerce in mid-August 2022, AHC staff are considering choosing a countywide need number *equal* to that of the County's current growth target. This reduces confusion around which number jurisdictions should plan for and accommodate, respects recently completed work to establish growth targets between King County jurisdictions, and acknowledges that housing growth targets should be an expression of housing need in the future.

Staff requested additional guidance from Commerce on whether this approach aligns with their minimum standards and expect to arrive at a resolution by the November 3 AHC meeting.

See Table 1 for adjusted King County countywide *by income level* housing needs. The dashboard reflects this adjusted countywide need number.

Figure 1. Commerce's Draft Minimum Standards for Allocating Countywide Housing Needs

1. The county must select a total housing need projection within the range of the Low, Medium and High countywide housing needs projections published by Commerce. The selection must be consistent with the selected OFM population projection.
2. The selected countywide housing need projection for each income level and special housing needs must be consistently derived from the same Commerce projection series.
3. The sum of all allocated housing needs to local jurisdictions in a county must be equal to or greater than the total countywide housing need projection. This should be true for each income level, PSH and emergency housing.
4. Each jurisdiction's allocation of projected housing needs *by income level* and for PSH and emergency housing must be documented in their comprehensive plan housing element.
5. Allocations must be consistent with any relevant countywide planning policies or multicounty planning policies that address housing. This includes any population and housing targets that have already been adopted in these policies.

Table 1. Draft King County Projected Countywide by Income Level Needs

	Total	0-30%	31-50%	51-80%	81-100%	101-120%	120%+
Total Future Housing (2044)	1,269,628	164,381	138,615	177,278	195,918	136,045	457,391
Baseline Housing Supply (2020)	960,951	38,381	91,505	155,214	181,009	119,133	375,709
Net New Housing Needed (2020-2044)	308,677	126,000	47,110	22,064	14,909	16,912	81,682

Source: PSRC Vision 2050 (2044) scenario, Commerce’s DRAFT Housing Needs Allocation Tool, published 8/16/2022, scaled to match King County growth targets

Jurisdictional Housing Need by Income Level Options

Following the release of Commerce’s draft countywide need numbers and recommended guidance for allocating countywide need in July, AHC staff circulated three key principles to facilitate decision-making on *by income level* need allocation methods:

1. Increase housing choices for low- and moderate-income households in areas with fewer affordable options currently.
2. Promote a more equitable distribution of housing choices across all jurisdictions.
3. Align with the Growth Management Act, Regional Growth Strategy, Countywide Planning Policies, and Commerce’s minimum countywide need allocation standards.

At the September 29 meeting, the AHC will assess draft jurisdictional housing need *by income level* allocation options for alignment with key principles. Options currently in circulation are as follows:

- **Option 1: Focus on New Growth:** Same shares of new housing growth are affordable in every jurisdiction
- **Option 2: Focus on 2044:** Same percent shares of total housing stock in 2044 are affordable in every jurisdiction
- **Option 3: Focus on New Growth Adjusted for Local Factors:** Same percent shares of new housing growth are affordable in every jurisdiction and adjusts outputs within each income band by three factors that increase housing choice in places with fewer affordable housing options, fewer income-restricted housing options, and a greater imbalance of low-wage workers to low-wage jobs housing

Options 1 and 2 are based on a recommended allocation tool prepared by the Department of Commerce. Option 3 was developed by King County staff as an alternative to Option 1 and Option 2 that focuses on new growth while adjusting for local factors.

To inform option refinement and analysis, AHC staff constructed an online dashboard to illustrate need allocations options. **Prior to the meeting, navigate to the [dashboard](#) for examples of how the three options allocate countywide housing needs differently between jurisdictions and income levels.**

While reviewing the dashboard, note the following:

- The total need allocated to a jurisdiction is the same in each option and is equal to the jurisdiction’s housing growth target. The difference between each option is simply how much of a jurisdiction’s planned countywide growth needs be affordable at each income level. See the Options Comparison Maps section of the dashboard for more information.

- Option 3 adjusts for local factors. The ratio of low-wage jobs to low-wage workers was established at a subregional level to account for the regional nature of jobs, meaning all jurisdictions in that subregion get the same score for that factor. The other two factors—the percent share of income restricted housing and homes affordable at or below 80% AMI are calculated based on the jurisdiction’s totals and do not factor in subregional conditions. See Appendix 1: Local Factors Map to explore the results.
- Housing growth targets are set based on the role the jurisdiction plays in accommodating regional and housing growth. Some jurisdictions are expected to grow more based on their role in the Regional Growth Strategy. See Appendix 2: Regional Geographies Table to compare Option outcomes to a jurisdiction’s peers.
- In Option 1 and Option 3, a jurisdiction’s ability to meet an equitable share of housing need is limited to their amount of planned housing growth. See Appendix 3: Growth Target Limitations Comparison section of the dashboard for more information.
- All options showing net new housing growth (positive numbers) in income bands assume that all current units in those bands are preserved. Jurisdictions with a large amount of homes that are affordable but are not income-restricted may struggle to preserve this housing. See the Options Comparison Maps and Appendix 4: Percent Units not Income Restricted sections of the dashboard for more information.

Staff also consulted the GMPC, Housing Interjurisdictional Team (HIJT), the HIJT CPP Work Group, GMPC’s Interjurisdictional Team (IJT), the King County Planning Directors, and the Community Partners Table (CPT). The AHC Chair circulated a summary of [CPT input](#) to the AHC in August.

Takeaways include:

- Option 1 does not intentionally promote a more equitable distribution of housing choices across all jurisdictions because it accommodates needs through new production only without a specific focus on addressing inequities in the supply of homes that are affordable
- Option 2 does the most to promote a more equitable distribution of housing choices across all jurisdictions. However, as Commerce guidance noted, it has some impractical implications. Very expensive jurisdictions with low growth targets would be expected to convert significant numbers of expensive units to affordable housing. Meanwhile some less expensive jurisdictions would need to convert existing affordable workforce units (30-80% AMI) into both deeply affordable and more expensive housing. Without these conversions, this option would not align with the Regional Growth Strategy or the CPPs as jurisdictions would end up planning for housing growth far more than their adopted housing growth targets.
- Option 3 is the most aligned with the key principles. While trying to achieve the same objective as Option 1, it does so in a manner that intentionally promotes a more but not fully equitable distribution of housing choices.
- The relationship between growth targets and housing needs is confusing. This is addressed by matching countywide need with countywide growth targets.

Tables 2 and 3 provide staff assessments of each option, including policy implications, alignment with the key principles for AHC consideration, and implications for differently situated low-income households. Based on these assessments, staff present Options 1 and 2 as misaligned with the key principles and Option 3 as most aligned with the key principles.

Table 2. Summary of Jurisdictional by Income Level Housing Need Options

The key principles for decision making are:

1. Increase housing choices for low- and moderate-income households in areas with fewer affordable options currently.
2. Promote a more equitable distribution of housing choices across all jurisdictions.
3. Align with the Growth Management Act, Regional Growth Strategy, Countywide Planning Policies, and Commerce’s minimum countywide need allocation standards.

Option Description	Implications	Principles Alignment		
		1	2	3
Option 1. Focus on New Growth: Same shares of new housing growth are affordable in every jurisdiction				
<ul style="list-style-type: none"> • All countywide housing needs are accommodated through new housing production • Total new units allocated to each jurisdiction is limited to their share of planned countywide housing growth • All jurisdictions allocate the same percentage shares of their net new housing growth target <i>by income level</i>, including units for moderate, low, very low, and extremely low-income households • Similar to an allocation process used in King County before the CPPs were amended in 2012 	<ul style="list-style-type: none"> • Increases housing choices for low- and moderate-income households <i>without</i> equitably distributing housing units between jurisdictions • Lower growth targets in unaffordable communities lead to little correction for a community's lack of existing affordable housing • Jurisdictions plan for housing needs at all income levels (need allocated to all income bands) 	✓	⊘	✓
Option 2. Focus on 2044: Same shares of total housing stock in 2044 are affordable in every jurisdiction				
<ul style="list-style-type: none"> • Each jurisdiction should plan to provide the same percentage share of their total housing supply at each income level as needed countywide by 2044 • Allocations of need are based in part on the estimated 2020 housing supply by affordability level. Jurisdictions with less low-income housing are thus allocated higher amounts in lower AMI bands • Allocations do not assume that all net new countywide housing needs will be met through new housing production • Similar to the way jurisdictions were guided to project their share of countywide need in the 2021 amended CPPs 	<ul style="list-style-type: none"> • Increases housing choices for low- and moderate-income households and equitably distributes units between jurisdictions, but relies on potentially impractical redevelopment scenarios to meet needs (i.e., conversions of existing expensive housing to affordable or intentional gentrification) • Jurisdictions do not plan for housing needs at all income levels—only where they have an undersupply • Jurisdictions with an oversupply of units in income bands below 80 percent of AMI would need to plan to lose those affordable units or convert them into another more affordable housing type where they have a net need (e.g. applying subsidy to create deeper affordability). In some jurisdictions there is not enough need at affordable housing bands to convert these units to a more affordable housing type, and thus 	✓	✓	⊘




	<p>these units would have to be converted to more expensive housing to maintain consistency with Commerce’s countywide need projections. Planning to exceed one’s growth target could be considered inconsistent with the Regional Growth Strategy.</p>			
<p>Option 3. Focus on New Growth Adjusted for Local Factors: Same shares of new housing growth are affordable in every jurisdiction and adjusts outputs within each income band by certain factors</p>				
<ul style="list-style-type: none"> • All countywide housing needs are accommodated through new housing production • Total new units allocated to each jurisdiction is limited to their share of planned countywide housing growth • All jurisdictions initially receive a total new unit allocation that is equal to their percent share of total countywide growth • Then, uses three different weighting factors to adjust the total new unit need allocation within a jurisdiction: <ol style="list-style-type: none"> 1. Percent share of housing that’s currently affordable at 0-80 percent AMI 2. Percent share of housing that’s currently income restricted at 0-80 percent AMI 3. Subregional ratio of low-wage jobs to low-wage workers • Place different weights on each of the factors: 50% weight on share of housing that’s affordable, 25% weight each on share of housing that’s income-restricted, and low-wage job import/export <ul style="list-style-type: none"> ○ Reason for this weighting is that homes that are affordable is a more stable and place-based indicator. Workers are more likely to move than housing units are, and more renters find housing on the broader housing market that’s not income-restricted. • This final allocation is then divided into different income levels by analyzing how many units currently exist in each jurisdiction at each income level, and then placing more of that jurisdiction’s allocation at income levels where they have less housing than the countywide average. 	<ul style="list-style-type: none"> • Increases housing choices for low- and moderate-income households and factors in equitable outcomes when distributing units between jurisdictions • Current deficiencies in housing supply not as strongly addressed as in Option 2 			

Table 3. Illustration of how Jurisdictional by Income Housing Need Options Affect Low-Income Households

This table illustrates how the three options affect differently situated low-income households in King County.

Household Characteristics	Suzie <i>Lives in Priceytown, an unaffordable city; retired on a fixed income</i>	The Watsons <i>Live in Affordaville, a city with lots of homes that are affordable to them; work minimum-wage jobs in the city where they live</i>	John <i>Lives in Affordaville, the same affordable city as the Watsons, far away from Priceytown, where he works</i>
Option 1: Focus on New Growth	<ul style="list-style-type: none"> • Small increase in housing choice for Suzie • High likelihood she will need to move to a different city to maintain housing she can afford 	<ul style="list-style-type: none"> • Increase in affordable housing choices for the Watsons in the city where they live 	<ul style="list-style-type: none"> • John sees more housing options pop up where he lives and where he works, but still struggles to find an apartment closer to work due to limited options
Option 2: Focus on 2044	<ul style="list-style-type: none"> • Large increase in housing choice for Suzie • Likelihood she can stay in her community and afford her housing goes up 	<ul style="list-style-type: none"> • Significant decrease in housing choice for the Watsons • Likelihood they will need to move to a different city due to increased housing prices is high. • Likelihood that they find affordable housing in places previously unaffordable to them is also high 	<ul style="list-style-type: none"> • Mixed results for housing choice for John • Likelihood he will need to move to a different city to maintain housing he can afford goes up but the chance that he can move to the city where he works increases
Option 3: Focus on New Growth Adjusted for Local Factors	<ul style="list-style-type: none"> • Sizable increase in housing choice for Suzie • High likelihood she can stay in her community or find affordable options in other parts of town 	<ul style="list-style-type: none"> • Steadiness in housing choice for the Watsons • With a lot of growth in high-cost housing, the Watsons have the sense that fewer parts of town are still accessible to them 	<ul style="list-style-type: none"> • Increase in housing choice for John • Likelihood that John finds an affordable place to rent closer to his job higher than other options

Jurisdictional *Special Housing Need* Allocations

In addition to selecting a preferred *by income level* allocation option, the AHC will be asked to confirm an approach for allocating *special housing* needs. The methods below describe suggested frameworks for allocating *special housing* needs, including PSH and emergency housing/shelter needs.

Note: *This work remains in flux pending the release of draft special housing needs projections from Commerce and subregional allocations from King County Regional Homelessness Authority (KCRHA). Note that both timelines are delayed, impacting the amount of time available for both staff analysis and AHC deliberation and decision making.*

Allocating Permanent Supportive Housing Needs

Unlike emergency housing and shelter, PSH is a permanent housing option. In the projections Commerce provides, PSH is considered a subset of 0-30 percent AMI housing.

Assuming the same considerations for allocating *by income level* needs apply to PSH, this type of *special housing* need will be allocated using the AHC's preferred allocation method for *by income level*.

In all *by income level* need options, PSH needs are based on Commerce projections showing current conditions only. Therefore, the 0-30 percent AMI data underestimate the future total projected needs. Commerce plans to release updated projections in early October. The Committee will be presented with updated allocation information showing an increased need at 0-30 percent AMI and breakdown of 0-30 percent AMI into "non-PSH 0-30 percent AMI housing" and "PSH" categories at the November 3 AHC meeting.

Allocating Emergency Housing/Shelter Needs

Unlike PSH, emergency housing and shelter include temporary accommodations for individuals or families who are homeless or at imminent risk of becoming homeless and includes both overnight accommodations and daytime spaces. Due to their intended design as an interim solution and bridge to a permanent housing option. These needs are allocated separately from PSH and *by income level* needs in Commerce's projections and are presented as one combined category consistent with Commerce's presentation.

The proposed approach for allocating emergency housing/shelter builds off of and complements work underway by both Commerce and the King County Regional Homelessness Authority (KCRHA) to project emergency housing/shelter needs. Commerce is projecting net new emergency housing/shelter units needed between 2020 and 2044 at the countywide level for local comprehensive planning purposes. As guided by the Growth Management Act and Commerce, cities and counties must work together to allocate this need to local jurisdictions. KCRHA is projecting new emergency housing/shelter units needed between 2022 and 2026 for budgeting and planning purposes for each of the KCRHA-defined seven subregions within King County, likely based on the [Association of Bay Area Governments Regional housing needs allocation methodology](#).

As of September 23, KCRHA notified AHC staff that their projections may not be ready for AHC decision making this year. Therefore, AHC staff developed the following contingency plan for allocating emergency housing and shelter needs.

If KCHRA's subregional projections are available in time for the November 3 meeting, the countywide emergency housing/shelter need projected by Commerce will first be allocated to KCHRA's seven subregions using KCRHA's method. These subregional allocations will then be allocated to jurisdictions in proportion to the jurisdiction's percent share of planned housing growth within the subregion³ and presented to the AHC on November 3 for initial consideration before taking final action on December 9.

If KCRHA's subregional projections are not available in time for the November 3 AHC meeting, AHC still will work with KCRHA to determine an alternative allocation approach (e.g., allocate allocating need in proportion to the jurisdiction's percent share of planned housing growth countywide or current population) for initial Committee consideration on November 3. At that meeting, KCRHA can share information on when their subregional projections will be available. The AHC can then decide to recommend in December either an allocation method based on KCRHA's forthcoming subregional

³ KCHRA categorizes Issaquah as a member of both the East and Snoqualmie subregions for planning purposes, because many people experiencing homelessness or risk of experiencing homelessness who seek services often travel to cities in the East subregion, despite Issaquah's proximity to the Snoqualmie Valley subregion. As such, for the purpose of allocating emergency housing/shelter needs, King County AHC staff defined 75 percent of Issaquah's planned growth as being in the East subregion and 25 percent in the Snoqualmie Valley subregion. A larger share of emergency housing/shelter needs goes to the East subregion as it contains a greater concentration of services. It thus draws allocations from both of these subregions, while still staying within its planned growth targets.

projections or move forward with the more straightforward approach based on countywide growth presented to them at that meeting.

Like, PSH, Commerce plans to release future projected need for emergency housing/shelter needs in early October.

Dealing with Small Allocations

Under all allocation methods explored, some King County jurisdictions will be allocated a small number of PSH or emergency housing/shelter units that may not be feasible for a new development (e.g., one unit of emergency housing or three units for extremely low-income households). Commerce’s [Draft Guidance for Allocating Projected Countywide Housing Needs to Local Jurisdictions](#) lists a variety of implementation strategies a jurisdiction can pursue when planning for and accommodating a small PSH or emergency housing/shelter needs allocation, including consolidating resources or facilities with neighboring jurisdictions, distributing vouchers for hotels or temporary housing, coordinating with nonprofits or faith communities with shelter capacity, or, in rural communities, partnering with mainstream service providers such as hospitals or school support offices to meet need (See page 25 of Commerce’s Draft Guidance). Jurisdictions should document any decision they make to accommodate small allocations in the chapter or appendix where their land capacity analysis is otherwise found.

Next Steps

The AHC needs to meet the following milestones for establishing jurisdictional housing needs.

Date	AHC Milestone	Considerations
Nov 3, 2022	<ul style="list-style-type: none"> Review and provide direction on any CPP amendments needed to articulate the jurisdiction’s share of countywide need for <i>by income level</i> and <i>special housing</i> needs Consider jurisdictional <i>emergency housing/shelter need</i> results 	<ul style="list-style-type: none"> Jurisdictional <i>by income level</i> and permanent supportive housing need information will reflect the preferred option selected by the AHC in September and any relevant new information from Commerce
Dec 9, 2022	<ul style="list-style-type: none"> Approve final recommended jurisdictional housing needs and CPP amendments 	<ul style="list-style-type: none"> Jurisdictional housing need numbers will reflect any relevant new information from Commerce new information updated guidance from Commerce The GMPC will consider and act on the AHC’s recommendation in 2023

Appendix 1: Jurisdictional by *Income Level* Housing Need Option Methodology Details

This appendix provides methodological details for Options 1, 2, and 3. Each option begins with countywide *by income level* housing needs between 2022-2044, projected by the Washington State Department of Commerce, shown in Table A.

Table A. Draft King County Projected Countywide by Income Level Needs

	Total	0-30%	31-50%	51-80%	81-100%	101-120%	120%+
Total Future Housing (2044)	1,269,628	164,381	138,615	177,278	195,918	136,045	457,391
Baseline Housing Supply (2020)	960,951	38,381	91,505	155,214	181,009	119,133	375,709
Net New Housing Needed (2020-2044)	308,677	126,000	47,110	22,064	14,909	16,912	81,682

Source: PSRC Vision 2050 (2044) scenario, Commerce's [DRAFT Housing Needs Allocation Tool](#), published 8/16/2022, scaled to match King County Growth Targets

Example Jurisdictions

This section uses two example jurisdictions to demonstrate how each option allocates countywide *by income level* housing needs to jurisdictions, profiled in Table B.

Table B. Profile of Example Jurisdictions

	Pricetown	Affordaville
Description	A more expensive jurisdiction with few housing units at 0-80% AMI and an oversupply at higher income bands. Has a moderate growth target relative to its current number of housing units.	A more affordable jurisdiction with a lot of housing units at 31-80% AMI but few units at 0-30% AMI, and an undersupply at higher income bands. Has a high growth target relative to its current number of housing units.
Current Housing Units	17,364 units	11,883 units
Percent of Units at Each AMI Band	0-30% AMI: 4.2% 31-50% AMI: 4.4% 51-80% AMI: 8.5% 81-100% AMI: 20.1% 101-120% AMI: 11.7% 121+% AMI: 51.1%	0-30% AMI: 2.7% 31-50% AMI: 25.9% 51-80% AMI: 34.2% 81-100% AMI: 19.5% 101-120% AMI: 7.3% 121+% AMI: 10.4%
Housing Growth Target	3,540 units	5,960 units

Note that under each option, the total need allocated to a jurisdiction is the same and is equal to the jurisdiction's housing growth target. The difference between each option is simply how much of a jurisdiction's planned countywide growth needs be affordable at each income level.

Option 1

Option 1's methodology, developed by the Washington State Department of Commerce (also known as Method A), allocates the same percent shares of a jurisdiction's total housing growth targets to each income band as are needed countywide. This means that all *by income level* needs are met through new housing growth and the number of units allocated to a jurisdiction is limited by its growth target. The exact number of units a jurisdiction receives in each income band is determined by multiplying the growth target in the jurisdiction by each income band's projected share of countywide need.

Table C shows an example allocation of countywide housing need using this method. Pricetown has a lower growth target and therefore has a smaller allocation of need at each income band compared to Affordaville. However, both jurisdictions are allocated the same percentage shares of their total housing growth targets by income level. For example, in both jurisdictions 41% of their net new housing production is allocated to be at the 0-30% of AMI level because 41% of the countywide net new housing need is at 0-30% of AMI.

Table C. Option 1 Results for Pricetown and Affordaville

Income level (% of AMI)	Countywide net New Housing Need, 2020-2044	Percentage of Countywide Net New Housing Need, 2020-2044	Pricetown (Growth target is 3,540 units)	Affordaville (Growth target is 5,960 units)
0-30%	126,000	41%	1,436	2,429
>30-50%	47,110	15%	541	910
>50-80%	22,064	7%	257	427
>80-100%	14,909	5%	175	290

>100-120%	16,912	5%	198	330
>120%	81,682	26%	933	1,574
TOTAL	308,677	100%	3,540	5,960

Option 2

Option 2, developed by Washington State Department of Commerce (also known as Method B) seeks to fill gaps between the current housing stock affordable to different income levels and total 2044 housing needs. In this method, all jurisdictions are collectively responsible for addressing countywide housing needs. Therefore, by the end of the planning period in 2044, each jurisdiction should be planning to provide the same percentage share of their total housing supply at each income level as needed countywide. Focusing on filling gaps between future need and the current housing stock, the method results in all jurisdictions having the same percent share of housing in each income band, through a process of allocating and subtracting units within income bands to achieve equal shares.

Commerce designed this method to highlight and address historic disparities in the provision of more housing that is affordable between jurisdictions within a county. According to Commerce’s published draft guidance, the method results in jurisdictions that have provided much less than their share of affordable housing in the past to be allocated a larger share now, even if they have a small growth target. The intent is to avoid perpetuating patterns of exclusion and instead increase housing choice and expand access to amenity-rich neighborhoods. However, Commerce acknowledges in their guidance that the outputs of the allocation method may be difficult or impossible to implement in practice and offers the Option 2 calculations to inform discussions about fair allocation of housing needs.⁴

Tables D and E show an example allocation of countywide housing needs using this method. Priceyville, which currently has an undersupply of options affordable to low-income households, sees most of its housing growth go to lower income levels and a loss of units in upper income levels due to oversupplies. On the other hand, Affordaville sees a larger allocation of units go to higher income levels and a reduction of units in lower income levels due to an “oversupply” of affordable units.

While this method is useful for highlighting historic disparities in the provision of affordable housing and investment, the redevelopment expectation it assumes is both impractical and potentially misaligned with the policy goals of many South King County jurisdictions. This is particularly the case for jurisdictions like Affordaville, where displacement risk could increase when their local government plans to lose affordable options currently available. Also, efforts to preserve affordable options where the jurisdiction has an oversupply might mean the jurisdiction is planning for more net new units than allocated by the method and could potentially results in more growth than the allocated growth target.

Table D. Option 2 Results for Priceytown

Income Level (% of AMI)	COUNTYWIDE				PRICEYTOWN		
	Baseline Units, 2020	Net New Housing Need, 2020-2044	Total Housing Need in 2044	Percent of Total Housing Need in 2044	Total Housing Need, 2044	Baseline Units, 2020	Net New Units Needed 2020-2044
0-30%	38,381	126,000	164,381	13%	2,718	746	1,972
>30-50%	91,505	47,110	138,615	11%	2,299	742	1,557
>50-80%	155,214	22,064	177,278	14%	2,927	1,489	1,438
>80-100%	181,009	14,909	195,918	15%	3,135	3,481	-346
>100-120%	119,133	16,912	136,045	11%	2,299	2,062	237
>120%	375,709	81,682	457,391	36%	7,526	8,844	-1,318
Total	960,951	308,677	1,269,628	100%	20,904	17,364	3,540

⁴ Commerce’s DRAFT Guidance for Allocating Projected Countywide Housing Needs to Local Jurisdictions [\[link\]](#)

Table E. Option 2 Results for Affordaville

Income Level (% of AMI)	COUNTYWIDE				AFFORDAVILLE		
	Baseline Units, 2020	Net New Housing Need, 2020-2044	Total Housing Need in 2044	Percent of Total Housing Need in 2044	Total Housing Need, 2044	Baseline Units, 2020	Net New Units Needed 2020-2044
0-30%	38,381	126,000	164,381	13%	2,316	348	1,968
>30-50%	91,505	47,110	138,615	11%	1,963	3,058	-1,095
>50-80%	155,214	22,064	177,278	14%	2,499	4,059	-1,560
>80-100%	181,009	14,909	195,918	15%	2,677	2,294	383
>100-120%	119,133	16,912	136,045	11%	1,964	891	1,073
>120%	375,709	81,682	457,391	36%	6,424	1,233	5,191
Total	960,951	308,677	1,269,628	100%	17,843	11,883	5,960

Option 3

Option 3, recommended conceptually by Commerce and developed by AHC staff, allocates new housing growth based on countywide need percentages, similar to Option 1. The method then adjusts allocations based on local factors called weights. This means that housing needs stay within the bounds of expected growth, while also taking into consideration historical patterns of exclusion and current housing options when allocating countywide need.

Local factors considered by this methodology include the percent housing currently affordable at 0-80% of AMI, percent of housing that is currently income-restricted at 0-80% of AMI, and ratio of low-wage workers to low-wage jobs in the jurisdiction. Adjusting by these factors will mean that jurisdictions like Priceyville, with smaller proportions of affordable or income-restricted units, and a higher ratio of low-wage jobs to workers living in the jurisdiction will receive a higher allocation of countywide need below 80% of AMI. On the contrary, Affordaville, with a high proportion of its housing stock affordable to 0-80% of AMI and an even ratio of low-wage jobs to workers, will receive a smaller allocation of below 0-80% AMI units.

Option 3 resembles Option 2 in that it focuses on distributing countywide need based on regional disparities in access to affordable housing. However, it differs from Option 2 in the sense that it does not completely correct for these disparities over the planning period.

The following tables illustrates this method, which is divided into three parts.

Option 3, Part 1: Determine Initial Allocation

Step 1: Use growth targets to determine jurisdictional need.

Growth Target	
Priceyville	3,540
Affordaville	5,960

Step 2: Determine initial allocation of both below and above 80% AMI, by multiplying total jurisdictional housing needs by percent of countywide needs below 80% AMI (63%)

	Growth Target	Initial Allocation Below 80% Of AMI	Initial Allocation Above 80% Of AMI
Priceyville	3,540	2,213	1,327
Affordaville	5,960	3,730	2,230

Option 3, Part 2: Weight by Local Adjustment Factors

Step 1: Apply local weighting factors to initial allocation below 80%. Ensure that local factor applications do not cause a jurisdiction’s 0-80% AMI allocation to be higher than their growth target.

	Growth Target	Initial Allocation Below 80% Of AMI	Combined Weights	Weighted Allocation Below 80% Of AMI
Priceyville	3,540	2,213	1.37%	3,025
Affordaville	5,960	3,730	-1.65%	1,288

Notes on weighting process:

Priceytown has few 0-80% AMI units relative to the countywide average, has a lower percentage of its housing that is income-restricted at 0-80% AMI relative to the countywide average, and is part of a subregion that has a larger number of low-wage workers than low-wage housing, which means low-wage workers have to make longer commutes into that subregion from other areas. Because they score fairly poorly on these local weighting factors, their 0-80% AMI initial allocation is increased 37%, from 2,213 to a weighted allocation of 3,025.

Affordaville has a much higher number of 0-80% AMI units relative to the countywide average, has a higher percentage of its housing that is income-restricted at 0-80% AMI relative to the countywide average, and is part of a subregion that has a roughly the same number of low-wage workers as low-wage housing, which means low-wage workers mostly don't have to make longer commutes into that subregion from other areas. Because they score very well on these local weighting factors, their 0-80% AMI initial allocation is decreased 65%, from 3,730 to a weighted allocation of 1,288.

Option 3. Part 3: Allocate to AMI Bands

Step 1: Adjust Jurisdictional Need Allocations by AMI band according to existing units affordable in jurisdictions at different AMI bands

Step 2: Multiply new percentages by Weighted Allocation

Income level (% of AMI)	Percent Of 0-80% Weighted Allocation ⁵	New AMI Band Allocation
0-30%	54%	1,632
>30-50%	31%	937
>50-80%	15%	456
TOTAL	100%	3,025

Income level (% of AMI)	Percent Of 0-80% Weighted Allocation	New AMI Band Allocation
0-30%	73%	940
>30-50%	16%	204
>50-80%	11%	144
TOTAL	100%	1,288

Step 3: Calculate remainder of growth target to be allocated to bands above 80% AMI

	Growth Target	Weighted Allocation Below 80% Of AMI	Initial Allocation Above 80% Of AMI
Priceyville	3,540	3,025	515
Affordaville	5,960	1,288	4,672

Step 4: Adjust Countywide Need Allocations above 80% AMI band according to countywide need in those bands

Income level (% of AMI)	Percent Of 81+% AMI Allocation	Priceyville Above 80% AMI Allocation	Affordaville Above 80% AMI Allocation
>80-100%	13%	71	630
>100-120%	15%	79	711
>120%	72%	365	3,331
TOTAL	100%	515	4,672

Step 5: Final numbers. Note that totals are the same as original growth targets.

Income level (% of AMI)	Priceyville AMI Band Allocations	Affordaville AMI Band Allocations
0-30%	1,632	940
>30-50%	937	204
>50-80%	456	144
>80-100%	71	630
>100-120%	79	711
>120%	365	3,331
TOTAL	3,540	5,960

⁵ This percentage is based on current units and differences from countywide averages