

HOUSING NEEDS ASSESSMENT

CITY OF MONROE, WASHINGTON



PROJECT OVERVIEW

WHAT IS A HOUSING NEEDS ASSESSMENT, AND WHY IS THE CITY OF MONROE CREATING ONE?

Washington State House Bill 1923 granted the Washington State Department of Commerce (Commerce) \$5 million dollars in the 2019 Legislative Session to provide grant funds to local governments for activities to increase residential building capacity, streamline development or develop a Housing Action Plan (HAP).

The City of Monroe received \$50,000 grant from Commerce to develop a HAP, the goal of which will be to assess current and future housing needs and offer strategies and recommendations for policy development regulations that will allow for a variety of housing types affordable to varying income ranges.

A Housing Needs Assessment (HNA) is a comprehensive study that will be used to inform the HAP. In order to formulate policy recommendations, the City of Monroe must have access to the most recent population, housing, and workforce data¹. The HNA is developed to define the housing needs specific to Monroe residents.

THE HNA IS CATEGORIZED INTO FIVE ELEMENTS:

1. Community Profile
2. Workforce Profile
3. Housing Inventory
4. Gap Analysis
5. Land Capacity Analysis

QUESTIONS THE HNA HELPS TO ANSWER:

1. Who lives and works in Monroe and what are some of their socioeconomic characteristics?
2. How much housing will be needed to accommodate for future population growth?
3. Are there housing options for residents at all income levels?

¹ Due to data availability, most recent available data is 2018.

Source: WA Department of Commerce



HOUSING NEEDS ASSESSMENT OUTLINE

1. Community Profile

- a. Population Characteristics
- b. Household Characteristics
- c. Special Housing Needs

2. Workforce Profile

- a. Local Workforce Characteristics
- b. Jobs to Housing Ratio
- c. Employment Trends & Projections

3. Housing Supply

- a. General Housing Inventory
- b. Housing Market Conditions
- c. Special Housing Inventory

4. Gap Analysis

5. Land Capacity Analysis

*The datasets explored in each of the five elements are required by Commerce. If not required, the data will be marked with an asterisk to display optional or additional analysis done on behalf of the City and consultant.

** Information provided in this report reflects the most recent available data at the time of writing.

Data Sources:

American Community Survey (ACS)

- Roughly 3.5 million households are surveyed every month, every year
- Explores topics not asked by decennial Census

Washington State Office of Financial Management (OFM)

- Obtains data from state and federal agencies, and private businesses

United States Department of Housing and Urban Development (HUD)

- Obtains data from the ACS

OnTheMap (OTM)

- Web Application provided by the U.S. Census Bureau
- Maps jurisdictions based on workforce characteristics

Employment Security Department (ESD)

- Labor Market and Economic Analysis

U.S. Bureau of Labor Statistics

- Quarterly Census of Employment and Wages

City of Monroe

- Building permits
- Comprehensive Plan

Zillow

- Tracks home values, rental units, and market changes on a monthly basis

1. COMMUNITY PROFILE

2. WORKFORCE

3. HOUSING MARKET

4. GAP ANALYSIS

5. LAND CAPACITY

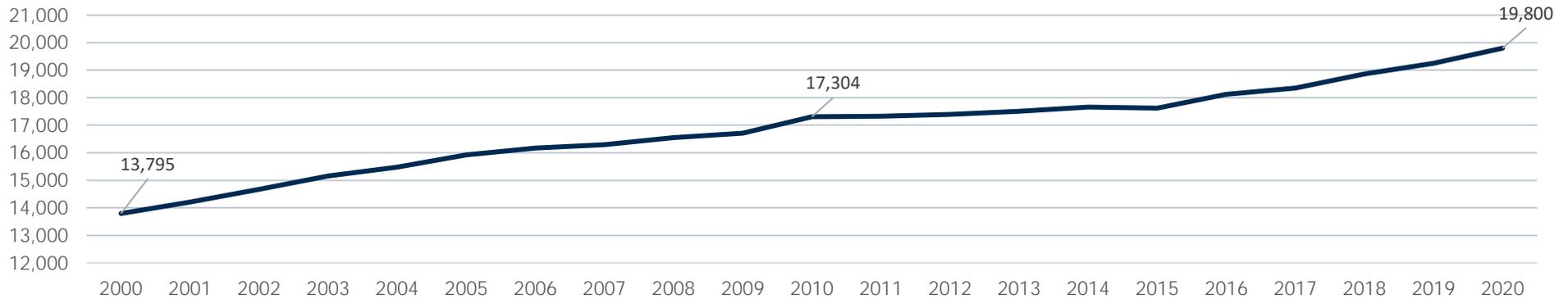


Population and Community Characteristics

MONROE'S POPULATION HAS GROWN BY 6,005 PEOPLE SINCE 2000 AND BY 2,496 SINCE 2010.

Since 2000, Monroe's population has grown from 13,795 to roughly 19,800 as of 2020, according to the Washington State Office of Financial Management (OFM), an increase of more than 6,000 residents (43 percent). The majority of that population increase occurred between 2000 and 2010.

Exhibit I. Population Estimate, 2000 - 2020



SNOHOMISH COUNTY AND THE CITY OF MONROE EXPECT TO SEE STEADY, MODERATE GROWTH INTO THE FUTURE.

Monroe's Comprehensive Plan projects the city to have a total of 22,102 residents by the year 2035. This is a 12 percent increase from the year 2020, an addition of 2,302 new residents. Per the 2017 GMA Projections created by OFM, Snohomish County will experience even steeper population growth at 167,776 new residents, or a 19 percent increase, in the same amount of time.

It is important to note the Monroe Correctional Complex (MCC) population is included in the decennial Census count and influences the City's demographics with people who are not full time Monroe residents.

Population and Community Characteristics

MONROE'S POPULATION IS YOUNGER ON AVERAGE THAN SNOHOMISH COUNTY AND WASHINGTON STATE.

In the year 2018, Monroe shows a similar, but slightly younger, age distribution as Snohomish County and Washington State.

The City of Monroe has a larger percentage of school aged (Under 19) and working residents (20-64) than the County or State.

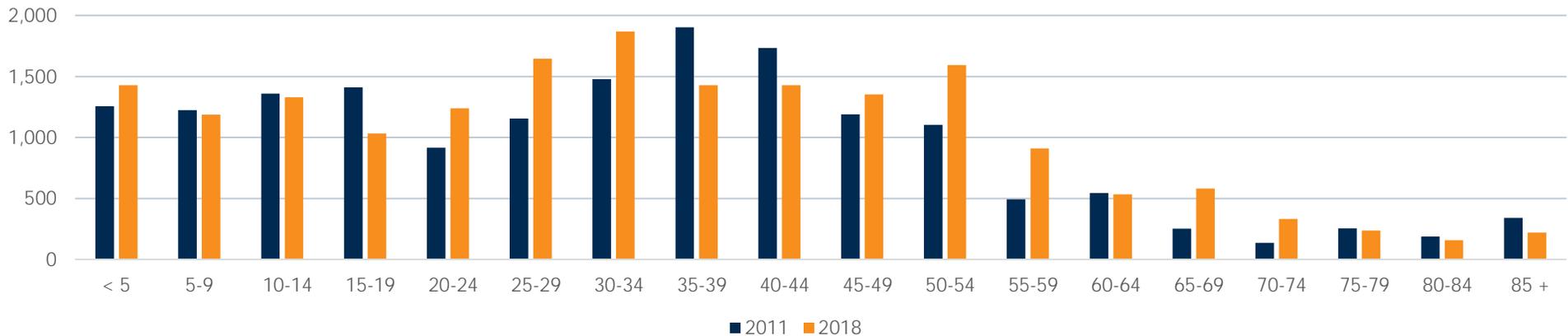
In terms of the aging population, Monroe has a significantly smaller portion of residents 65 years and older. 8.3 percent of Monroe's population is over the age of 65, while the County sees 13.5 percent and the state see 15.8 percent.

Exhibit II. Comparison in Age Distribution

	MONROE	SNOHOMISH COUNTY	WASHINGTON STATE
UNDER 19 YEARS OLD	27.2%	13.5%	24.5%
20 – 64 YEARS OLD	64.8%	61.8%	60.2%
65 AND OLDER	8.3%	13.5%	15.8%

Source: 2014 – 2018 ACS 5-year estimates. Table S1010

Exhibit III. Population by Age Group, 2011 - 2018



Source: 2014 – 2018 ACS 5-Year Estimates. Table S1010

Population and Community Characteristics

MONROE HAS SEEN A 3 PERCENT INCREASE OF HISPANIC/LATINO RESIDENTS SINCE 2011.

Monroe was 75 percent white in 2011, and as of the 2014-2018 survey period, that percentage had fallen to roughly 70 percent. This change was driven by increases in the Black, multiracial, and Hispanic/Latino communities. As seen in Exhibit IV, after accounting for the demographics of the state correctional facility, those identifying as two or more races and those identifying as Hispanic or Latino make up more than a quarter of the city's population.

RESIDENCE OUTSIDE OF THE U.S. PRIOR TO LIVING IN MONROE AND LANGUAGE OTHER THAN ENGLISH SPOKEN AT HOME HAS INCREASED SINCE 2011.

In the 2014-2018 survey period, Monroe residents were asked where they were living one year prior to taking the census survey. 179 of Monroe residents answered that they were living abroad at the time. This is nearly a 1,000 percent increase from the 2007-2011 survey period, when only 16 Monroe residents reported living outside the U.S in the year prior to taking the survey. Additionally, Monroe residents who were born outside of the United States increased from 1,751 to 2,155, a 23 percent increase, between the two survey periods.

Combined with data on language spoken at home (see Exhibit V below), which show a 16 percent increase in households reporting speaking a language other than English at home over that time, these trends suggest immigration has played a large role in Monroe's recent growth. This has implications for housing because different immigrant communities may have differences in family size and work in different economic sectors both compared to other immigrant groups and compared to the community at large.

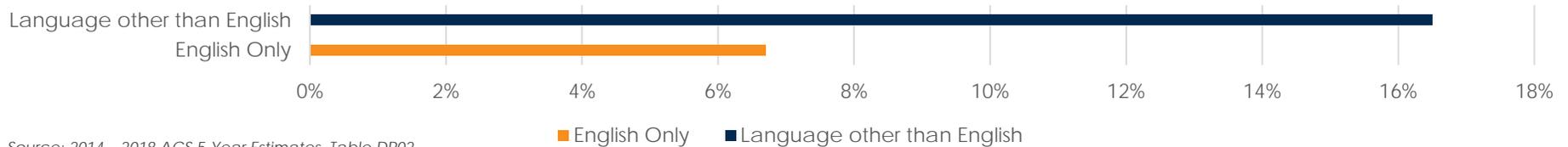
Exhibit IV. Race and Ethnicity of Monroe, Adjusted for the MCC Population, 2019

2019

	Estimate	Percent
White	12,276	70.0%
Black or African	217	1.5%
American Indian and Alaska Native	98	0.5%
Native Hawaiian, Asian or Other Pacific Islander	468	3.0%
Two or More Races	1,365	8.0%
Hispanic or Latino, Any Race	3,250	18.0%

Source: 2015 - 2019 ACS 5-Year Estimates. MCC adjustments made by City of Monroe staff.

Exhibit V. Percent Change in Languages Spoken at Home, 2011 - 2018



Source: 2014 - 2018 ACS 5-Year Estimates. Table DP02

Household Characteristics

THE TOTAL COUNT OF HOUSEHOLDS IN MONROE ONLY INCREASED BY 341 BETWEEN THE YEARS 2011 AND 2018.

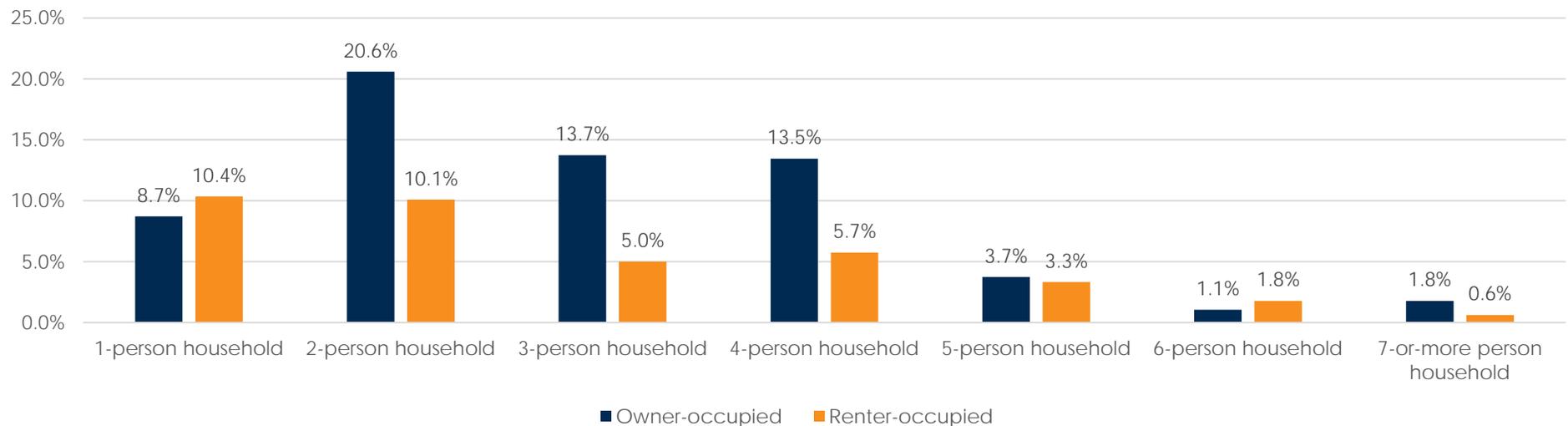
In the year 2011, Monroe’s population was 17,304 in a total of 5,164 households, with an average of 3.3 people per household. In 2018, Monroe’s total population increased to 18,860 residents in 5,505 households, with an average of 3.4 people per household. Between the 2007 – 2011 and 2014 – 2018 estimate periods, rentership increased from 1,458 households to 2,032, a 39 percent increase.

THE DISTRIBUTION OF HOUSEHOLD SIZE IN MONROE MATCHES SNOHOMISH COUNTY AND WASHINGTON STATE PATTERNS.

Household size distribution in Monroe follows the same trends as the county and state extremely close. At the city, county, and state level, between 30 – 35 percent of households were occupied by two people. Between 88 – 90 percent of households in Monroe, Snohomish County and Washington State have between 1 and 4 household members. The percentage of households with more than 4 members quickly declines at all three levels studied.

As seen in Exhibit VI, the household size distribution is also similar among Monroe’s home-owning and renter population. Two exceptions are shown in 1-person and 6-person households – in these household size categories, there is a greater percentage of renters than homeowners.

Exhibit VI. Tenure by Household Size, 2018



Source: 2014 – 2018 ACS 5-Year Estimates. Table B25009

Household Characteristics

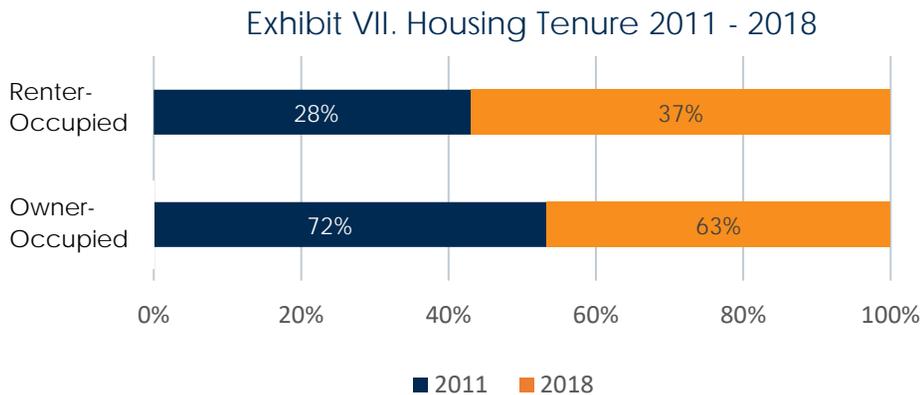
MONROE HOUSEHOLDS EARN PREDOMINATELY MIDDLE TO UPPER-MIDDLE INCOMES AND ARE MAJORITY HOMEOWNERS.

In 2018, 63 percent of Monroe residents owned their housing unit. This is 9 percent lower than 2011 when 72 percent of households owned a home.

MONROE RENTERS SAW A GREATER INCOME INCREASE BETWEEN 2011 AND 2018 THAN HOMEOWNERS DID.

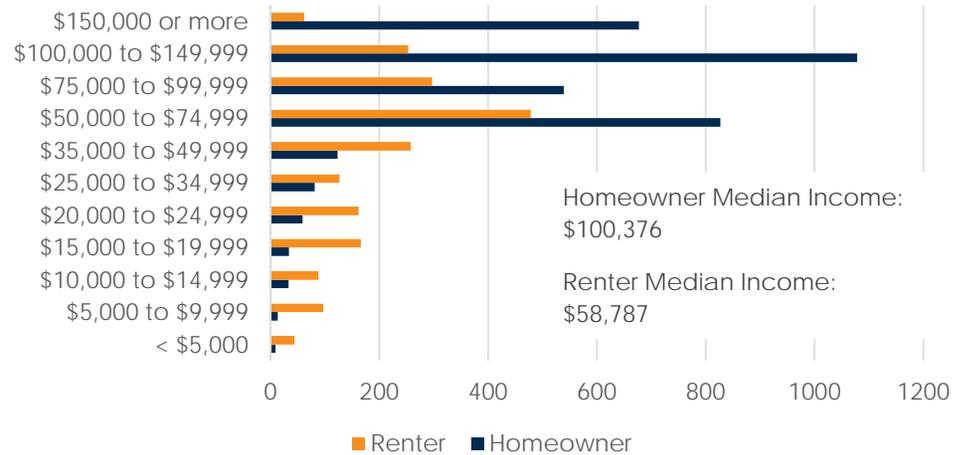
As seen in Exhibit VIII, renters in Monroe have more varied income levels, while homeowners are seen to have a smaller, but higher range. In 2018, the median renter income was \$58,787 and the median homeowner income was \$100,376.

Between the years 2011 and 2018, Monroe renters saw a much larger increase in median income at a 69 percent difference. Homeowners only saw a 31 percent increase in median income in that same time period.



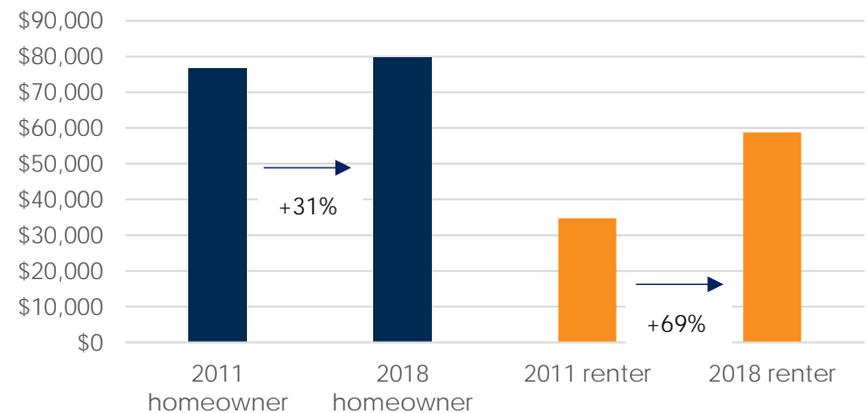
Source: 2014 - 2018 ACS 5-Year Estimates. Table B25009

Exhibit VIII. Comparison Between Renter & Owner Median Income, 2018



Source: 2007 - 2011 & 2014 - 2018 ACS 5-Year Estimates. Table S2503

Exhibit IX. Change in Median Income, 2011 - 2018



Source: 2007 - 2011 & 2014 - 2018 ACS 5-Year Estimates. Table S2503

Household Characteristics

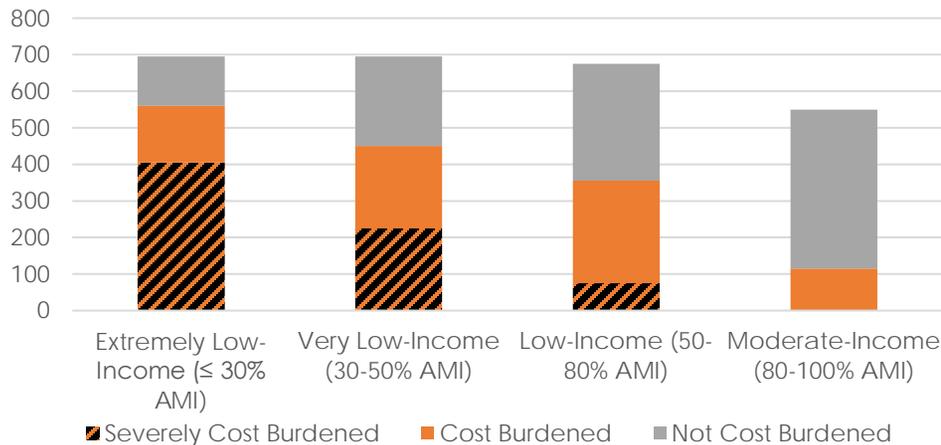
The Housing and Urban Development (HUD) Department considers a household to be cost burdened when more than 30 percent of their income is spent on housing. In the HUD tabulations using the 2016 American Community Survey (ACS), 18 percent of Monroe residents were spending between 30 and 50 percent of their income on housing annually. An additional 15 percent of households were severely cost burdened, meaning they spent more than 50 percent of their household income on housing.

Overall, roughly 32 percent of surveyed Monroe households spent more than 30 percent of their income on housing - this was approximately 1,575 households in 2016. This tracks with broader regional trends, as both Snohomish County and the State of Washington also had 32 percent of residents spending more than 30 percent of their income on housing.

An additional aspect to the cost burden analysis is incorporating what percent of the area median family income these cost burdened households are earning (see table below right).

To put things in perspective using the latest data available, 15 percent of surveyed households earn less than 30 percent of the median family income **and** spend more than 30 percent of their income towards housing. In 2016, this means 560 Monroe households were earning less than \$27,090 annually and spending more than \$8,127 of that income on housing annually. It is important to note that these HUD income limits are from Snohomish County broadly through HUD's FY 2016 Income Limits and may not be precise for Monroe, although they allow comparison of cost burden data with income groupings.

Exhibit X. Cost Burdened Households, 2016



Income Grouping for Cost Burden Analysis	Income Range
Less than 30% Area Median Family Income	Less than \$27,090
30 - 50% Area Median Income	\$27,090 to \$45,150
50 - 80% Area Median Income	\$45,150 to \$72,240
80 - 100% Area Median Income	\$72,240 to \$90,300
100% Area Median Income and Above	\$90,300 and above

Source: Fiscal Year 2016 Income Limits for Snohomish County, Adopted by HUD as Area Median Income for FY 2016

Source: HUD/CHAS (based on ACS 2012-2016 5-Year Estimate), Table 8.

Household Characteristics

RENTER HOUSEHOLDS ARE MORE LIKELY TO EXPERIENCE OVERCROWDING THAN HOMEOWNERS.

Overcrowding estimates are made by looking at how many people occupy a single bedroom in a household. In Monroe, the vast majority of households, both owner and renter occupied, have 1 or less occupants per room. As seen in Exhibit XI, there are dramatically more renter-households with more than 1 occupant per room.

Exhibit XI. Overcrowding Estimates, 2018

OCCUPANTS PER ROOM	2018 OWNER-OCCUPIED	2018 RENTER-OCCUPIED
1 OR LESS	3,431	1,797
1.01 – 1.50	42	191
1.50 OR MORE	0	44

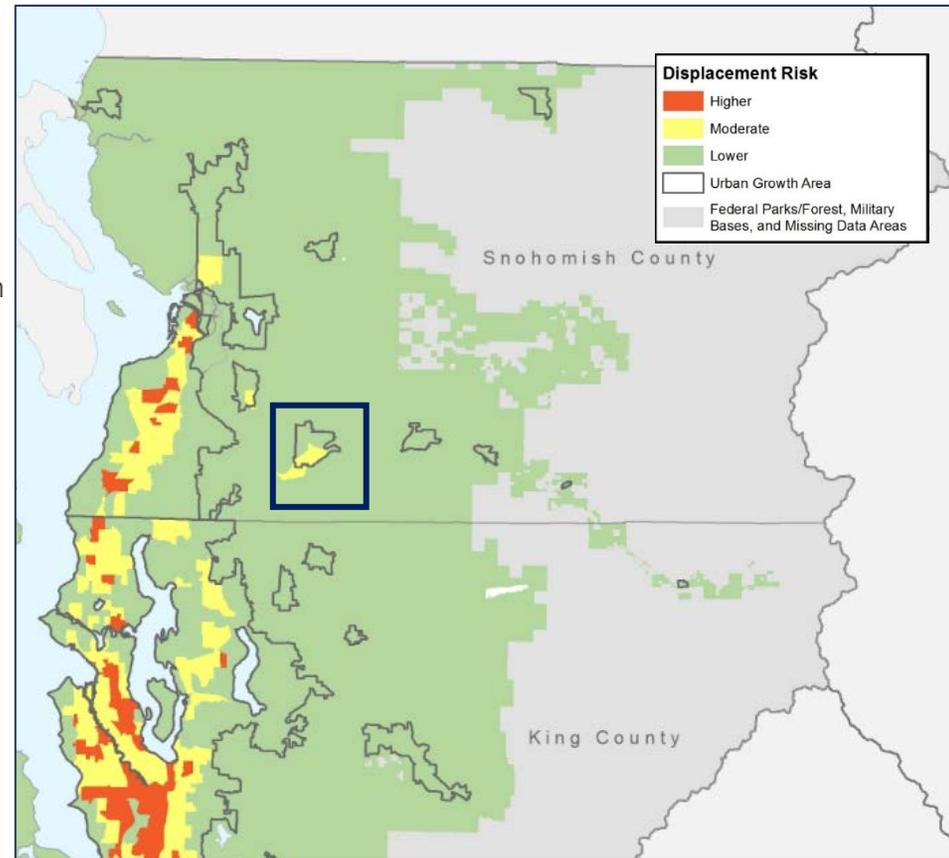
DISPLACEMENT RISK

The Puget Sound Regional Council has developed a strategy to determine the risk of displacement of census tracts. Each census tract in Monroe has received a place on the displacement index by analyzing factors in the following categories: socio-demographics, transportation qualities, neighborhood characteristics, housing, and civic engagement. In Monroe, census tract 522.09 is shown to have a moderate level of displacement risk. This means residents may be susceptible to physical, economic, or cultural displacement.

CENSUS TRACT	DISPLACEMENT RISK
522.09	MODERATE
522.08	LOW
522.04	LOW
522.04	LOW

Source: US Census Bureau – 2010 Census

Exhibit XII. PSRC Displacement Risk



Source: Puget Sound Regional Council

1. COMMUNITY PROFILE

2. WORKFORCE

3. HOUSING MARKET

4. GAP ANALYSIS

5. LAND CAPACITY

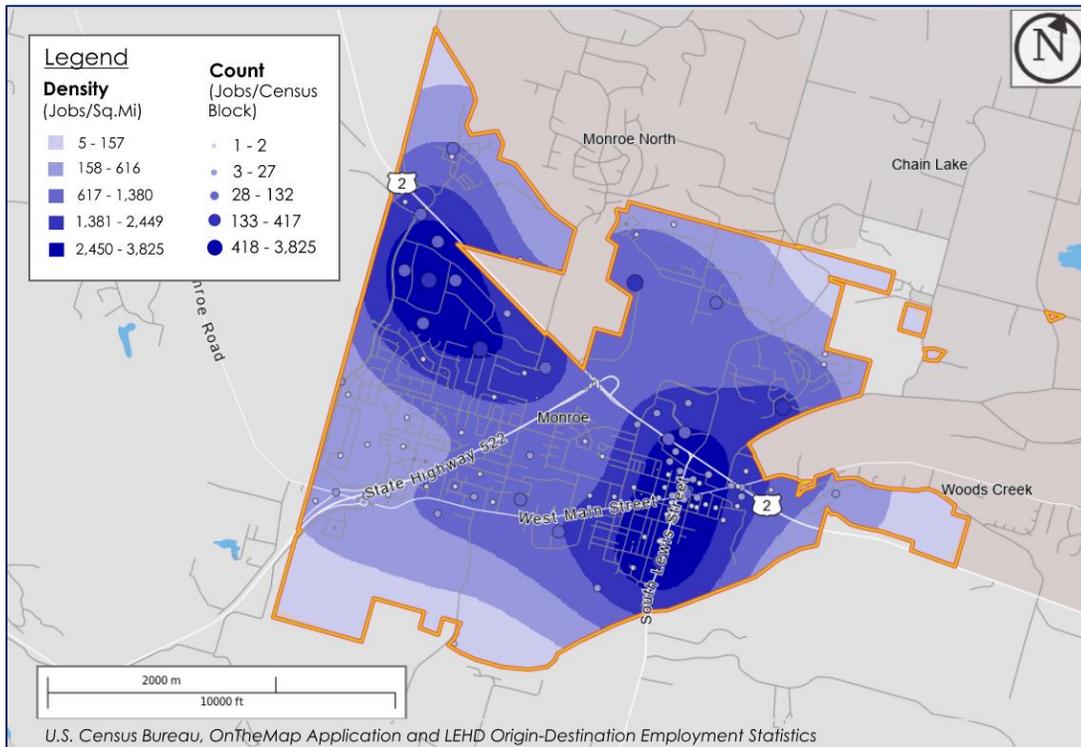


Local Workforce Characteristics

IN 2017, MONROE WAS HOME TO NEARLY 8,000 JOBS AND 7,149 WORKERS (10 PERCENT OF WHOM ALSO WORK IN THE CITY).

These 7,999 jobs are clustered along South Lewis Street and East Main Street as well as SR 2 in the north eastern corner of the city. The top industries in Monroe (hold above 10 percent of total City employment) are manufacturing (16.9%), retail trade (17.1%), educational services (13.9%), healthcare and social services (14.6%).

According to the 2005-2025 Monroe Comprehensive Plan, over 50 percent of the labor force is employed in government jobs. Within the public sector, the majority of jobs are held at the State Correctional Facility and Monroe School District, along with county and municipal departments.



EMPLOYMENT TRENDS AND PROJECTIONS IN MONROE HAVE BEEN SEVERELY DISRUPTED DUE TO COVID-19.

The Washington State Employment Security Department (WA ESD) produces employment projections by industry and occupation and provides updates on an annual basis.

Alongside the Bureau of Labor Statistics, they have been producing datasets that try to encapsulate the impacts COVID-19 has had on jurisdictions. The following numbers should be taken with great reservation, given they did not account for the way COVID-19 has altered labor markets across Washington State.

As part of the Comprehensive Plan, Monroe incorporates the WA ESD employment projections to inform the Economic Development section. Per these sources, the 2035 employment target is 11,456 jobs which is an increase of 3,890 jobs from the year 2017. In the unincorporated Monroe UGA, there is an increase of 325 jobs expected.

The City of Monroe's manufacturing industry has room for potential expansion as their rates fall slightly below Snohomish County (16.9% in Monroe versus 20.8% in the County). "This indicates an opportunity for Monroe to continue to attract businesses from further west in the County." (Monroe Comprehensive Plan, 2015).

Local Workforce Characteristics

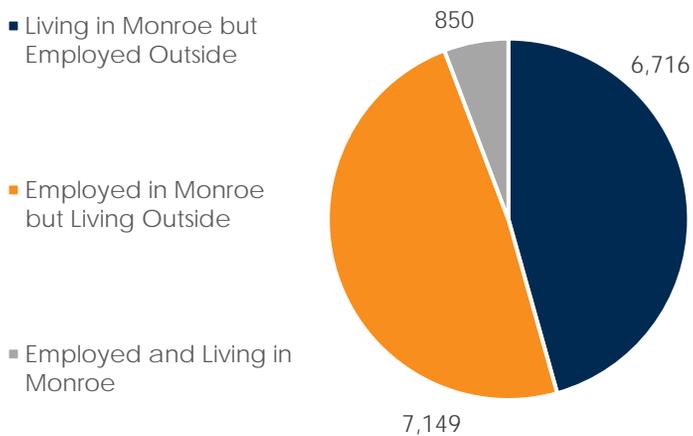
A MAJORITY OF MONROE EMPLOYEES LIVE OUTSIDE THE CITY.

According to an inflow-outflow analysis from the US Census Bureau, almost 90 percent of people employed in Monroe live outside the city. This is 7,149 people commuting into the city on a daily basis. Conversely, around 850 Monroe residents, or 11 percent of the workforce both live in and work in the city. The City of Monroe is home to 7,999 employees, but a total of 13,865 workers, indicating a net outflow of 6,716 workers during the day.

MONROE HAS ADDED MEDIUM AND HIGH WAGE JOBS IN RECENT YEARS, BUT LOW WAGE JOBS HAVE STAGNATED.

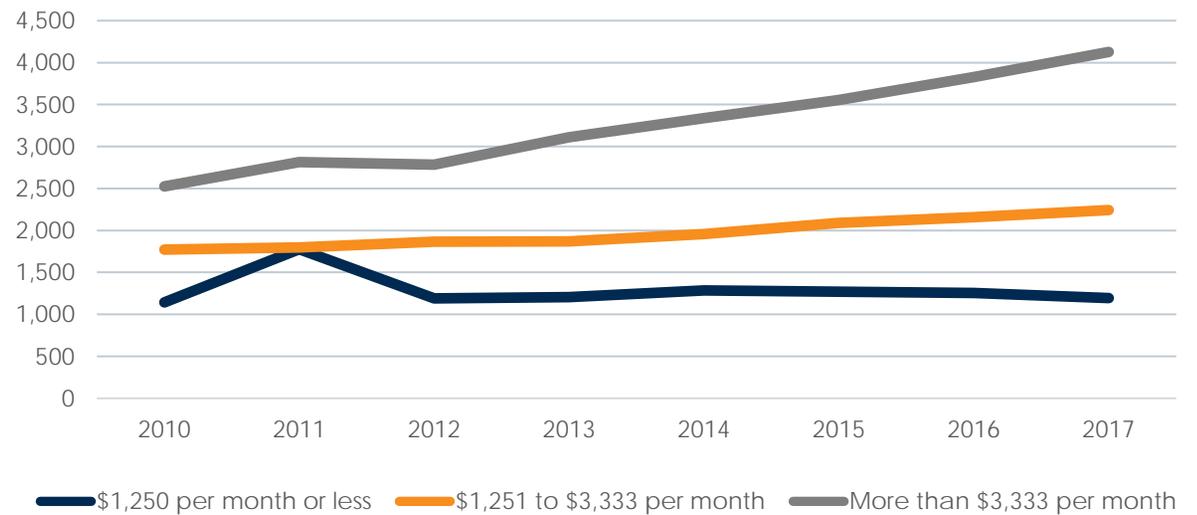
The number of jobs in the city that pay \$1,250 per month or less (roughly \$15,000 per year) jumped slightly in 2011 but remains largely the same since 2010. In contrast, the number of middle and high-income jobs have sharply increased, particularly the latter (jobs paying more than \$3,333 per month).

Exhibit XIII. Monroe Inflow/Outflow Analysis, 2017



Source: OnTheMap Inflow/Outflow Analysis

Exhibit XIV. Change in Jobs by Income



Source: OnTheMap Home Area Profile

1. COMMUNITY PROFILE

2. WORKFORCE

3. HOUSING MARKET

4. GAP ANALYSIS

5. LAND CAPACITY



Housing Inventory

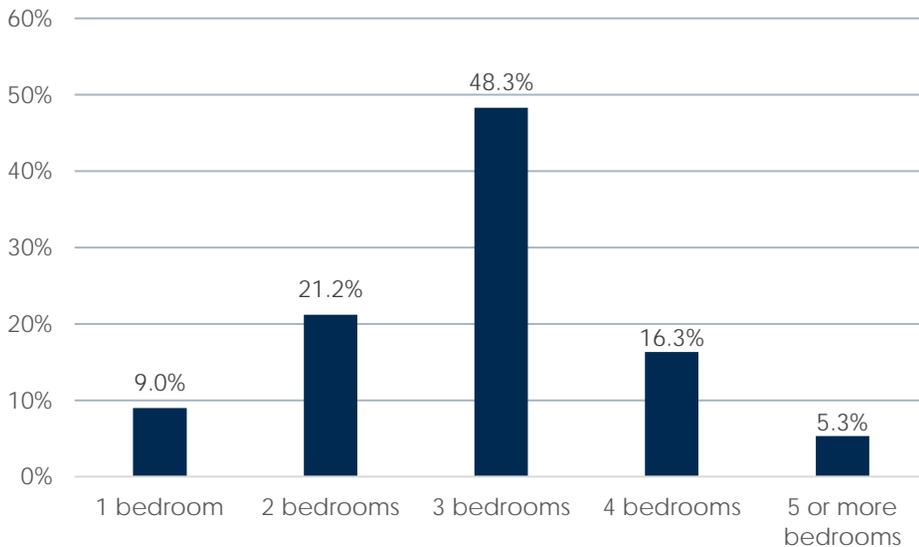
MONROE'S HOUSING STOCK IS PREDOMINATELY SINGLE-FAMILY HOMES BUILT BETWEEN 1980 AND 2000.

Roughly 70 percent of all dwelling units in Monroe are either detached or attached single-family homes. Two or four-unit structures compose an additional 8 percent, while multifamily structures with 5 or more units make up 16 percent of dwellings in the city. Two percent of the housing stock comprises of mobile homes, boats, or RVs.

THE MAJORITY OF MONROE'S HOUSING UNITS HAVE BETWEEN 1 – 4 BEDROOMS WHILE THE AVERAGE HOUSEHOLD SIZE HAS 1 – 4 PEOPLE.

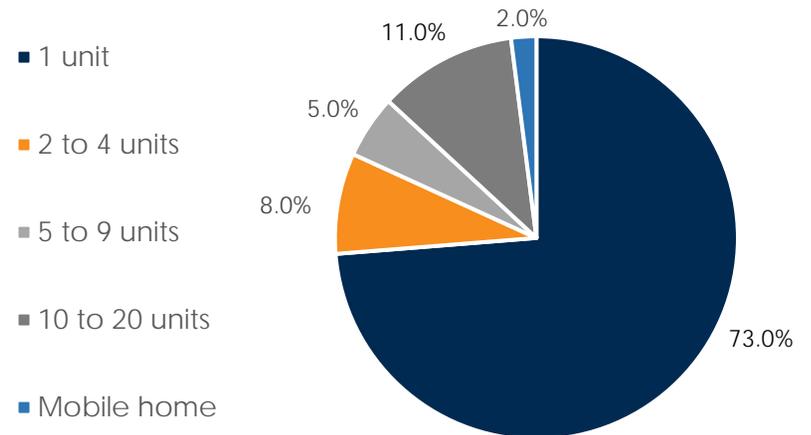
Monroe has roughly 95 percent of its housing stock available to accommodate the largest group of household size in the City. The average household size among renters and homeowners is between 1–4 people and based on the data shown in Exhibit XV, Monroe's housing stock is nearly 95 percent comprised of units with 1-4 rooms.

Exhibit XV. 2018 Unit Size by Number of Bedrooms



Source: 2014 – 2018 ACS 5-Year Estimates. Table DP04

Exhibit XVI. Household Count by Type



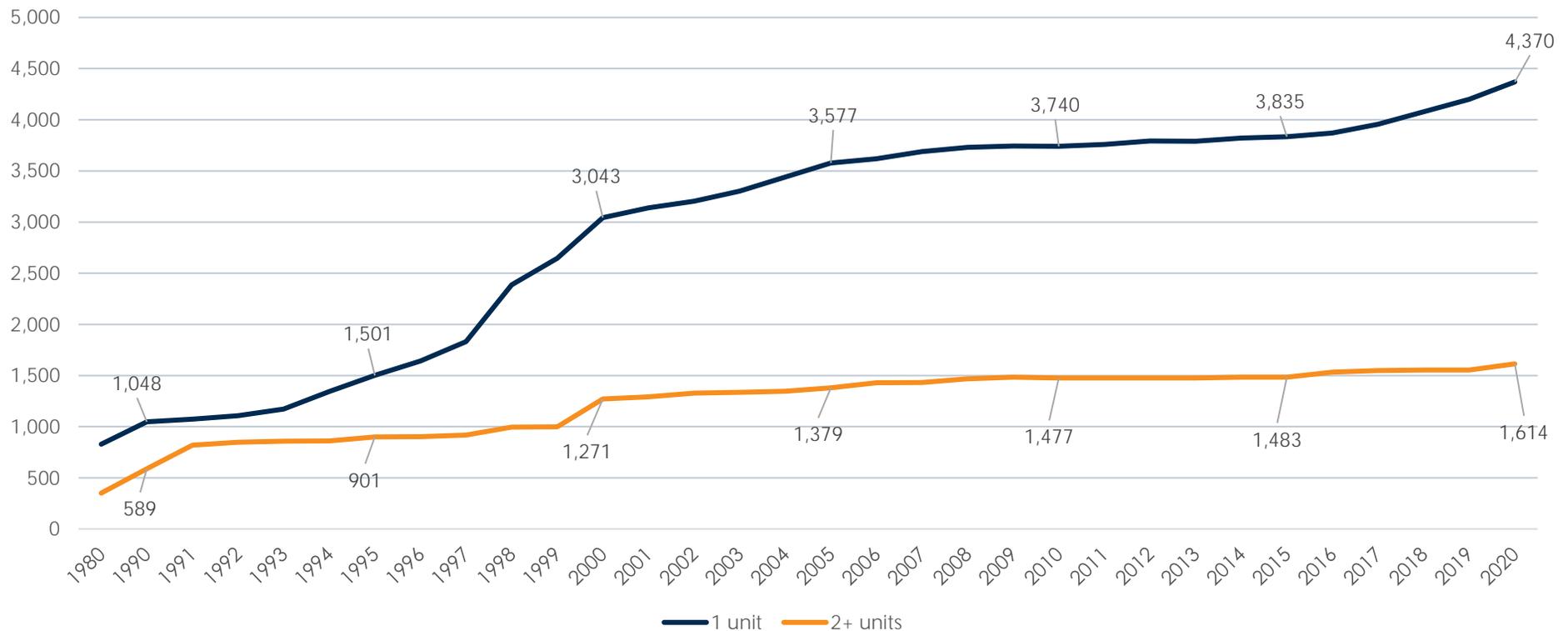
Source: 2014 – 2018 ACS 5-Year Estimates. Table DP04

Market Conditions

CONSTRUCTION OF SINGLE-FAMILY HOMES HAS GROWN STEADILY OVER THE PAST 10 YEARS; IN CONTRAST, MULTI-UNIT BUILDINGS HAVE FLATLINED.

The construction of residential structures with two or more units (duplexes, triplexes, and apartments, for example) has consistently lagged the construction of single-family homes in Monroe. As seen below, the construction of multi-unit homes nearly plateaued in 2010. 630 single-family detached homes were added in the city over that time.

Exhibit XVII. Housing Development Trends 1980, 1990-2020



Source: OFM, Postcensal Estimates of April 1 Housing Units, 1980 - 2020

Special Housing Inventory

THERE ARE A NUMBER OF GROUPS IN MONROE WHO NEED SPECIAL HOUSING ACCOMMODATIONS.

For the purpose of this analysis, the special housing inventory will focus on units available to aging and income-restricted residents. A handful of the facilities listed below in Exhibit XVIII. offer both living and rental assistance. We have split the special housing inventory into three categories based on their type of assistance. Monroe’s aging population (those above the age of 65+) was listed at 1,526 residents in the 2018 ACS survey period; 14 percent of that population is above the age of 85. The existing assisted living and care facilities in Monroe have the capacity to house 27 percent of those who may need assistance. Of the 310 assisted living units in Monroe, 40 percent of them offer/accept rental assistance.

THE CITY OF MONROE HAS 415 SUBSIDIZED HOUSING UNITS THAT PROVIDE FEDERAL RENTAL ASSISTANCE.

Rental assistance is provided primarily in three ways: housing choice vouchers, which can be applied to housing units on the private market; public housing which keeps a number of units in any given building affordable; section 8 project-based rental assistance. The latter provides subsidies to entire buildings in order to keep all units affordable. Regardless of how the units are kept affordable, the eligible tenants are expected to pay about 30 percent of their income in rent. In 2016, roughly 32 percent, or 1,585, households were paying more than 30 percent of their income on housing – making them eligible for subsidized housing. Considering there are only 415 subsidized units in 2020 (most likely a few less in 2016), roughly 26 percent or less of the cost burdened population in Monroe could access affordable options.

Homeownership units are another option. They are affordable to the initial homeowner but can be sold at market rate after that first occupant leaves. There are no restrictions on who can buy the units.

Exhibit XVIII. Subsidized and Assisted Living

Subsidized	Housing Type	Number of Units
Athena I & II	Family	28
Fairview Apartments	Family	24
River’s Edge	Family	166
Housing Hope – Woods Creek	Family	8 affordable, 6 homeless
Housing Hope – Monroe Family Village	Family	47
Harmony House East	Adult w/Disability	5
Home Ownership Program		
Housing Hope – Main Street Townhomes	Family	13
Subsidized & Assisted		
Friendship House I & II	Senior & Disabled	64
Monroe Villa	Senior	22
Village East	Senior	38
Assisted		
Brookdale Monroe	Senior	82
Paths Adult Care Family Home & Respite	Senior	6
Regency Care Center	Senior	92
St. Jude Comfort Care LLC	Senior	6

Source: City of Monroe

Housing Affordability

A SCARCITY OF AFFORDABLE HOUSING ACROSS MUCH OF THE CENTRAL PUGET SOUND REGION IS PUSHING RESIDENTS EAST AND NORTH INTO FRINGE CITIES SUCH AS MONROE.

The City of Monroe has a reputation for offering affordable housing options in comparison to the more expensive King County cities. This includes young adults who have just graduated high school or university, young families looking to buy their first homes, and senior citizens who are downsizing need affordable housing options. Exhibit XX. shows that Monroe has consistently had slightly lower home values than Snohomish County, while being slightly more expensive than the Washington State average. Between the years 2000 – 2010, the average home price in Washington rose 66 percent, 72 percent in Snohomish County and 62 percent in Monroe.

Because the Puget Sound Region is continuing to grow in population and high-paying jobs, the City of Monroe will need to focus on maintaining and expanding its affordable housing options. Between the years 2011 and 2018, Monroe saw home values and rent prices increase more than incomes did, meaning people may have been pushed out of housing options that may have been considered affordable in the past.

Exhibit XIX. Change in Housing Affordability Between the Years 2011 - 2018

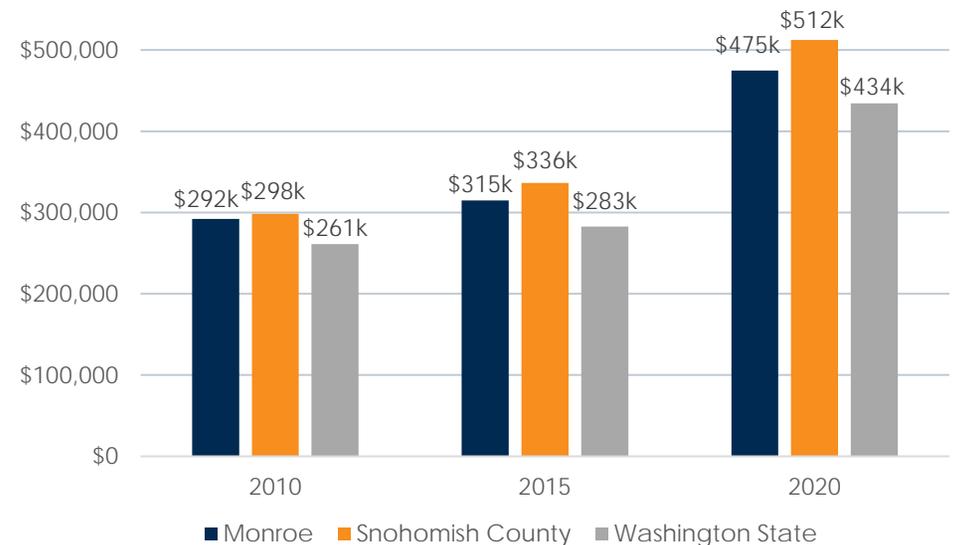
Change in Median Income	14.9%
Change in Median Home Value	78.3%
Change in Median Rental Price	21.3%

RENTERS ARE MORE LIKELY TO SPEND MORE THAN 30% OF THEIR INCOME ON HOUSING THAN HOMEOWNERS.

When looking at households making between \$20,000 – \$50,000 annually, a higher percentage of renters are paying more than 30 percent of their income on housing. However, once in the income bracket of >\$50,000 a year, a higher percentage of homeowners are spending more than 30 percent of their income on housing.

Regardless of the income level, there is still a higher percentage of cost burdened renting households than there are owner households.

Exhibit XX. Monroe, Snohomish County & Washington State Home Value Comparison



Source: Zillow Time Series: 2010 – 2019 Zillow Home Value Index (ZHVI)

1. COMMUNITY PROFILE

2. WORKFORCE

3. HOUSING MARKET

4. GAP ANALYSIS

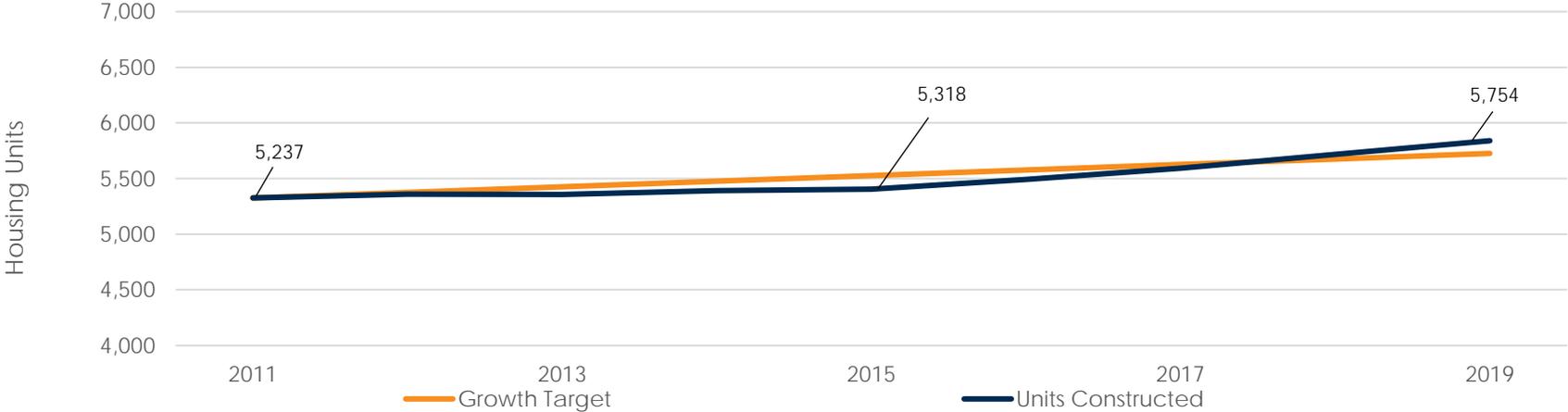
5. LAND CAPACITY



Housing Needs

The City of Monroe will need to add 1,200 units to its housing inventory by the year 2035. With an average addition of 50 unit per year, the City will be able to accommodate the growth targets allocated by the 2015 Snohomish County Land Capacity Analysis. Between the years 2011 and 2019, the Washington State Office of Financial Management estimates Monroe has added a total of 517 housing units, at an average rate of 64 units per year. In 2019 alone, there were 120 building permits issued for single-family homes and 177 for multi-family residential units. However, it is too soon to tell if this trend will continue because how the housing market fluctuates between years. The City is well under way to see no gap between its supply of housing units and demand for housing units by the end of its planning horizon in 2035.

Exhibit XXI. Housing Unit Targeted Growth Rate



Source: OFM, Postcensal Estimates of April 1 Housing Units, 2010 - 2020

The need for the new housing units is reinforced by the low housing vacancy rates within the City. According to the WA Department of Commerce, a vacancy rate of 5 percent is a healthy amount allowing residents to move freely amongst themselves. The ACS estimated that the City had a housing unit vacancy rate of 3.6 percent in 2018; which is nearly a 4 percent lower vacancy rate than 2011. In 2018 the ACS also estimated that the vacancy rate of homeowner households was 0.7 percent (~4 units) and the rental vacancy rate of 2.2 percent (~121 units). The decrease in vacancy rates between 2011 and 2018 tell us that there is a large gap between the City's current housing supply and its high demand for all housing types.

Housing Affordability Gaps

MONROE RESIDENTS EARNING THE MEDIAN INCOME CAN COMFORTABLY AFFORD THE AVERAGE MARKET RATE HOUSING; HOWEVER, THERE ARE NOT ENOUGH UNITS AT THIS PRICE TO SATISFY THE DEMAND.

In 2018, a renting household earning at least \$53,787 annually would be able to comfortably afford market rate rental units, or in other words, would not be cost burdened by their spending on income. The ACS estimated that the average market rate rental unit was approximately \$1,309, and roughly 66 percent of all rental units in Monroe were available at this price.

An average market rate home required approximately \$1,906 in monthly costs, which is considered affordable to those earning at least \$79,661 annually. About 52 percent of houses with that monthly cost were available in Monroe in 2018. A large percentage (between 44 and 48 percent) of households, whether they rent or own their unit, do not have access to affordable housing in Monroe.

HUD identified that nearly 1,585 (32 percent) households in the City were burdened by their annual housing cost. In Snohomish County and the State of Washington, 30 percent of residents are cost burdened, while 31 percent of residents nationwide are. Monroe has slightly higher percent of cost burdened population at 32 percent. The largest group of Monroe residents who are cost burdened are those earning less than 80 percent, or less than \$63,728, annually. 56 percent of these households spend more than 30 percent of their income on housing.

The City of Monroe has a large gap between the supply of low-income housing units, and what is needed to accommodate its residents with below average incomes. Exhibit XXII (next page) shows how many additional affordable units would be necessary to satisfy the demand as of the 2018 data.

Housing Affordability Gaps

Exhibit XXII. Affordability Gap by Income Range

Income Grouping for Cost Burden Analysis	Income Range	Affordable Monthly Rent for Income Group, Family of Four	Income Group Affordability Gap (Units) ¹ , Family of Four	Affordability Gap, Renter HH's, Family of Four	Affordability Gap, Owner HH's, Family of Four
Less than 30% Area Median Family Income	Less than \$28,800	Less than \$720	555	485	70
30 - 50% Area Median Income	\$28,800 to \$48,000	\$720 - \$1,200	435	240	190
50 - 80% Area Median Income	\$48,000 to \$72,000	\$1,200 - \$1,800	380	115	265
80 - 100% Area Median Income	\$72,000 to \$96,000	\$1,800 - \$2,400	190	20	170
100% Area Median Income and Above	\$96,000 and above	\$2,400 and above	130 ²	0 ²	130 ²
Total			1,560²	860	695²

¹ Gap is calculated as the number of households making less than median income paying more than 30 percent of their income in rent. Renters plus owners do not necessarily equal the total households due to rounding.

² HH's making above median income are assumed to be choosing to pay more for housing

Source: Fiscal Year 2017 Income Limits for Snohomish County,

Adopted by HUD as Area Median Income for FY 2017

A total of 860 renter households and 695 households in Monroe who own their housing unit making less than 100 percent of the area median income were cost burdened in the 2013-2017 data period. The degree of cost burden is especially apparent in the extremely low (less than 30 percent of median) income group and the low income (30 – 50 percent) group among renters, and among the moderately low income (50 – 80 percent) group of households who own their units. This suggests that providing housing options for low-income renters and starter homes for those moderate-income households looking to get into ownership should be particular focus areas for the City of Monroe.

Given the city's population trends, current housing gaps, and market pressures, the following housing types and populations are likely to be most needed over the course of the planning period:

- Workforce housing (especially low to moderate income and retail employment)
- Middle-income housing (especially starter single-family homes)
- Multi-family housing (especially for 1- and 2-person households and especially for those making less than 80 percent of the median income). A substantial portion of low-income households are likely to be seniors on fixed incomes.

Housing Size Gaps

THERE IS A NEED FOR HOUSING UNITS THAT ACCOMMODATE 1 – 2 PERSON HOUSEHOLDS.

The ACS estimated that in 2018 roughly 70 percent of the City’s housing units had three or more bedrooms while nearly early 50 percent of the households that live in Monroe are made up of one or two people. These households typically need a housing unit with two or less bedrooms, often times even studio type apartments. Roughly 20 percent of these one to two people households are living in units that are too large for them, and likely paying for unneeded space. In return, there is a notable gap between the number of small, low-price housing units and the demand for those type of housing units.

The ACS estimates 65 percent of the City’s population is between 20 and 60 years old, which is the age range most commonly associated with a household size that is larger than 2 people and would be seeking a housing unit with 3 or more bedrooms. As of now, this works out because the majority of housing units in Monroe are 3 + bedrooms. However, in 2035 at the end of the planning period, a majority of these household will be reduced to one to two person households, as children move out and parents become “empty nesters”. Again, there will be a greater demand placed on the City’s limited supply of smaller one to two-bedroom housing units to accommodate the new population of first-time home buyer and “empty nesters”.

Exhibit XXIII. Household Size, 2018

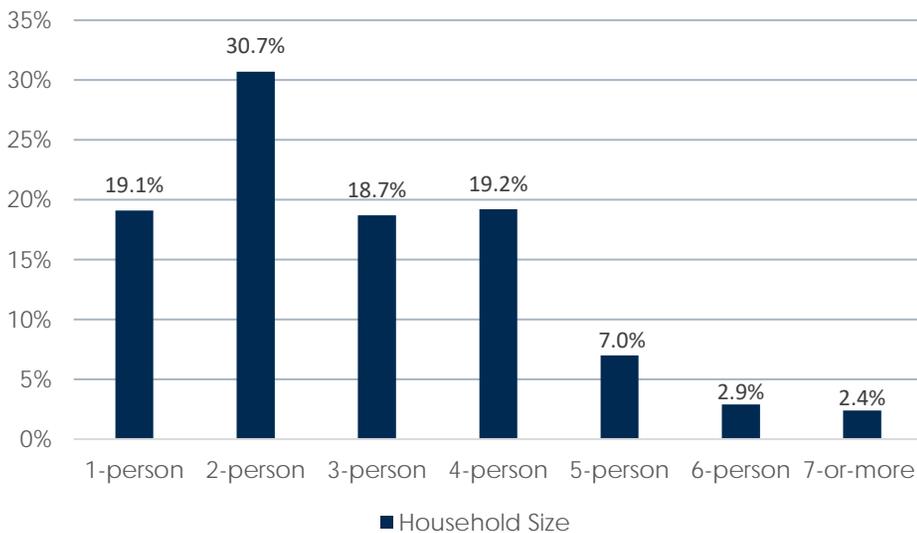
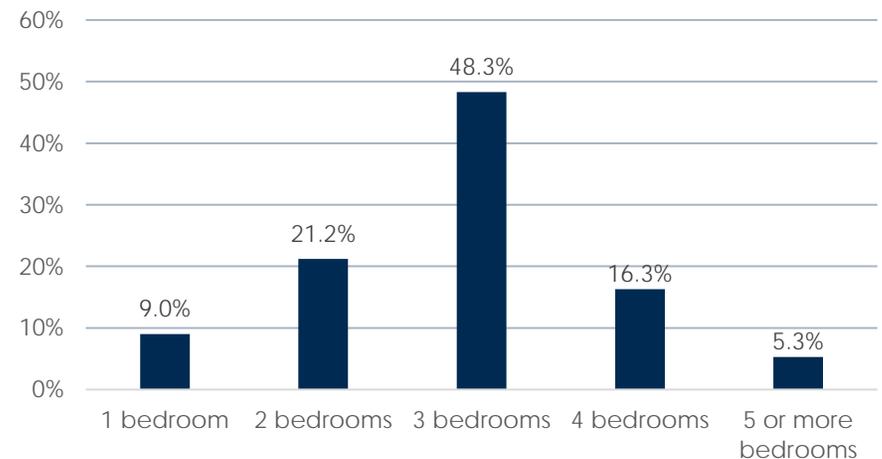


Exhibit XXIV. 2018 Unit Size by Number of Bedrooms



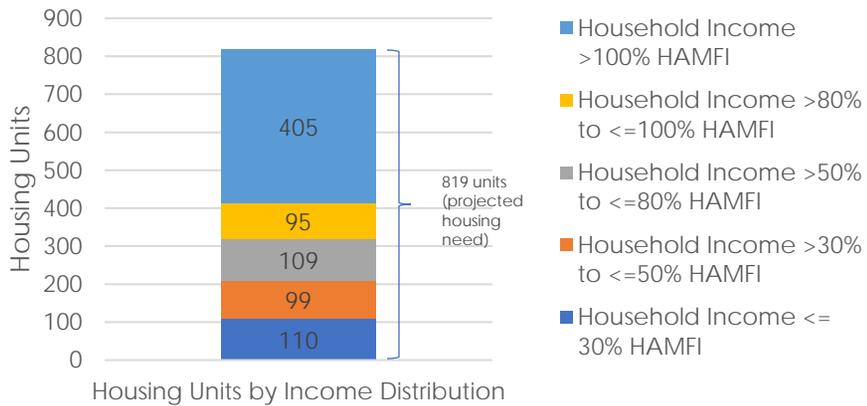
Source: 2014 – 2018 ACS 5-Year Estimates. Table B11016

Source: 2014 – 2018 ACS 5-Year Estimates. Table DP04

Projected Gap by Income

The city currently is short about 1,560 housing units that are affordable to households making under the median household income. Around 819 units are likely needed over the next 15 years to accommodate the projected population growth target adopted by the city in its comprehensive plan. Assuming a continuation of current income distributions, this would mean 110 new units affordable to extremely low-income households, 99 affordable to very low-income households, 109 affordable to moderately low-income households, 95 affordable to those making near the median, and 405 affordable to people making above the median household income.

Exhibit XXV. Allocation of Projected New Housing Needed between 2020 and 2035 Based on Income



Source: HUD-CHAS 2013-2017, Analysis by LDC, Inc.

1. COMMUNITY PROFILE

2. WORKFORCE

3. HOUSING MARKET

4. GAP ANALYSIS

5. LAND CAPACITY



