



CITY OF BLACK DIAMOND PLANNING COMMISSION AGENDA February 9, 2021

**THIS IS OFFERED AS A ZOOM MEETING ONLY.
CALL IN AND JOINING INFORMATION FOLLOWS:**

Zoom link to join meeting:

<https://zoom.us/j/4254157187?pwd=RE9OV0VoU1RFc3psSHdjem9mMk9hdz09>

Meeting ID: 425 415 7187

Passcode: PC

Telephone dial in options:

+1 206 337 9723 US (Seattle)

+1 253 215 8782 US (Tacoma)

6:00 P.M. - CALL TO ORDER, FLAG SALUTE, AND ROLL CALL

Introductions - New Planning Commissioners

APPROVAL OF MINUTES:

1) Regular Planning Commission Meeting on January 12, 2021

PUBLIC COMMENTS:

PUBLIC HEARING: None

STUDY/WORK SESSION:

2) Election of Chair and Vice Chair

3) Introductions to Blueline Staff and PROS Plan / Draft Survey

4) 2021 Work Plan – Docket remains open through March 1st

UNFINISHED BUSINESS:

5) Update on Housing Action Plan

COMMUNITY DEVELOPMENT DEPARTMENT REPORT:

PUBLIC COMMENTS:

ADJOURN:



CITY OF BLACK DIAMOND
PLANNING COMMISSION MEETING MINUTES
January 12, 2021, 6:00 PM
Zoom Virtual Meeting

1) FLAG SALUTE, CALL TO ORDER, and ROLL CALL:

Chair McCain called the meeting to order at 6:03 p.m.

Present: Commissioner Richard La Conte
Commissioner Steve Jensen
Chair/Commissioner Pam McCain
Commissioner Dave Ambur
Commissioner John Olson
Position #3 and #5 are currently vacant

Staff: Community Development Director, Mona Davis
Deputy City Clerk, Carina Thornquist

Chair McCain reminded everyone what the role and responsibilities are of the Planning Commission.

2) APPROVAL OF MINUTES

a) Special Meeting of December 1, 2020

Commissioner Ambur **Motioned** to approve the December 1, 2020 minutes. **Second** Commissioner Olson. **Vote**, Motion **passed** 5-0.

b) Regular Meeting of December 8, 2020

Commissioner Ambur felt that there needs to be a couple of amendments to the December 8, 2020 Minutes to be more specific.

- First recommendation: location is on page 2; under the 2nd paragraph; 2nd bullet point. Commissioner Ambur feels that the following statement, "Wording for Community Commercial to be changed to 'shall not be allowed'." is not clear to what it's in reference to.

Commissioner Ambur **Motioned** to amend the Minutes from December 8, 2020 and change page 2, 2nd bullet point under the 2nd paragraph to reference the Community Commercial section of the

Comprehensive Plan and should be changed to say, “Residential Units shall not be allowed in Community Commercial.” **Second** Commissioner Olson. **Vote**, Motion **passed** 5-0.

- Second recommendation: location is on page 2; under the 2nd paragraph; under the 3rd bullet point; 1st sub bullet point.

This is in regards to the Level of Service Standards in the Comprehensive Plan; Appendix 7 TRANSPORTATION APPENDIX.

- *Comprehensive Plan - Recently added language in the Transportation section:*
 - “Should the City encounter challenges associated with funding transportation improvements, adoption of lower LOS standards for non-HSS facilities is a permissible option for remaining in compliance with concurrency requirements.”

Barb Kincaid (previous Community Development Director) gave an overview and provided clarification of what the statement in the Comp Plan meant. The statement (see below) in the December 8, 2021 Minutes pertains to that update.

- *Statement in December 8, 2020 Minutes:*
 - “Lowering the level of service was only an option on the contingency plan in case there was not enough funds.”

Commissioner Ambur suggested that the current statement in the December 8, 2020 Minutes should be changed (see below).

- *Suggested statement:*
 - “Lowering the level of service was no longer an option as a contingency plan in case there are not enough funds.”

Commissioner Ambur **Motioned** to amend the December 8, 2020 Minutes to change page 2; under the 2nd paragraph; under the 3rd bullet point; 1st sub bullet point to state, “Lowering the Level of Service was no longer an option as a contingency plan in case there are not enough funds.” **Second** Commissioner LaConte. **Vote**, Motion 2 yes and 3 no (Commissioner Olson, Commissioner Jensen and Chair McCain). Rejected 3-2.

Commissioner Olson **Motioned** to approve the December 8, 2020 Minutes with the included amendment insert to the December 8, 2020 Minutes. **Second** Commissioner Jensen. **Vote**, Motion **passed** 4-1 (Commissioner Ambur).

3) **PUBLIC COMMENTS** - None

4) **PUBLIC HEARINGS** - None

5) **STUDY/WORK SESSION** –

a. *Introduction of Staff and Consultants:*

- i. New Community Development Director with the City of Black Diamond
 1. Mona Davis introduced herself and gave a brief summary of her past work experience with over 30 years in Planning and as a Code Compliance Officer. She expressed her enthusiasm for her new position with the City of Black Diamond.
- ii. Introduction of Blueline Consultants:
 1. Eric Jensen is the Director of Planning for Blueline and they have been contracted by the City of Black Diamond for long range planning, specifically for the HAP and PRPs plan.
 2. Lee Ann Ryan is assisting with the plan review and the Housing Action Plan as needed.

b. *Planning Commission Work Plan for 2021*

Director Davis began by reporting that the Open Docket Process gives the public the opportunity to request legislative amendments and development regulations of the Comprehensive Plan. It is outlined in Municipal Code 16.10 and has been published in the newspaper. **DUE DATE is March 1, 2021.**

- i. Director Davis prepared a Draft Work Plan for 2021 and reviewed that handout which was included in the packet. Those items included:
 1. Comprehensive Plan amendment
 - a. Ms. Davis advised that the Comp Plan and the Zoning Map should be consistent and should be made a high priority for this year
 2. Housing Action Plan (HAP)
 - a. Ms. Ryan from Blueline reported that she assisted Black Diamond with a grant which now has provided a profile on Black Diamond's demographics, etc. so changes can be tracked in the future. She advised the need to engage the public which is usually done on FaceBook which

Black Diamond does not currently have. The next option she spoke of was a survey which she “shared screen” of what the draft looks like. Ms. Davis will email the Draft of the Housing Assessment Survey to the Commissioners for their input. The Commissioners will make their recommended changes and email back to Ms. Davis by Friday, January 15th so it can be included in the water bills being mailed out at the end of the month with approval from the Mayor.

3. Parks, Recreation and Open Space Plan (PROs)
 - a. Mr. Jensen from Blueline reported that the first step is to take a look at current inventory and do an assessment of the City Parks. Process would take approximately 5 – 6 months. He advised that there needs to be good public outreach and done in a certain matter to prevent fatigue from the public, and Commissioners as well. Survey for the PROs Plan would be mailed out after the survey for the Housing Action Plan (HAP).
4. Code updates
 - a. Code Compliance Regulations need to have the process and procedures reviewed and updated. Sign Codes and Wireless Codes are out of date. Tree regulations, zoning, design guidelines and setbacks need to be reviewed and updated accordingly.

6) UNFINISHED BUSINESS -

- a. *Status of Existing 2020 Comprehensive Plan Amendment Proposal*
 - i. Ms. Davis advised that Barbara Kincaid is contracted by the City of Black Diamond to assist with wrapping up the 2020 Comp Plan Amendment. The City intends to issue SEPA with a comment/appeal period running concurrently with the Dept. of Commerce review. Ideally it would be taken to City Council in March and then forwarded to PSRC for final Certification.
- b. *Two Planning Commissioner Vacancies*
 - i. The Clerks office has been advertising since October 2020 to fill the 2 Planning Commissioner positions which expired December 31, 2020 but received no applications. The latest deadline is coming up on January 20, 2021.

7) COMMUNITY DEVELOPMENT DEPARTMENT REPORT -

- a. Ms. Davis reported that there are numerous building permits being submitted. There are building code changes coming up in February but may be extended until July by the Governor. Ms. Davis, the City Attorney and the Building Official have been working together to clean things up so they make sense and refer to the codes that we have to follow. No substantial changes are foreseen.
- b. Ms. Davis is participating in a meeting with King County regarding growth targets.
- c. The city's website will be launched in the near future and hoping a FaceBook page will be added as well to give the citizens more information that they may find of interest.
- d. Advertising for 2 positions in the department; an additional Permit Tech and a Senior Planner.

8) PUBLIC COMMENTS -

- a. Kristen Bryant from Bellevue

Following a question from Commissioner Ambur regarding Special Projects, Mr. Jensen from Blueline gave clarification on the different types of projects and/or planning they are providing to the City of Black Diamond.

- Special Projects
 - Housing Action (HAP)
 - Parks, Recreation, and Open Space Plan (PROs)
 - Updating Design Code Standards
- Long Range Planning
 - Comprehensive Plan
- Current Planning
 - On-Call as needed

9) ADJOURNMENT -

Motion was made by Commissioner Jensen to adjourn the meeting. **Motion seconded** by Commissioner Olson. **Vote:** Motion **passed 5-0.**

The meeting ended at 7:11 p.m.

These minutes were respectively recorded by Carina A. Thornquist, Deputy City Clerk

ATTEST:

Pam McCain, Chairperson

Planning Commission Secretary

2020 City of Black Diamond Parks Survey

The City of Black Diamond has made it a priority to update the City's Parks, Recreation, and Open Space Plan. For this update to be successful, we must rely on the input from the community.

Please view the following questions and provide responses that best fit your feelings about the Parks, Recreation, and Open Space as a whole.

*** Required**

1. What is your age?

Mark only one oval.

- ☐ 20 and under
- ☐ 21-40
- ☐ 41-60
- ☐ 61 and over

2. What is your gender?

Mark only one oval.

- ☐ Female
- ☐ Male
- ☐ Prefer not to say
- ☐ Other: _____

3. How many children under the age of 18 live in your household?

Mark only one oval.

- ☐ 0
- ☐ 1
- ☐ 2
- ☐ 3 or more

4. How far do you travel to your preferred park/activity? *

Mark only one oval.

- ☐ Less than 1/4 mile
- ☐ 1/4 mile - 1/2 mile
- ☐ 1/2 mile - 1 mile
- ☐ 1 mile - 5 miles
- ☐ Greater than 5 miles

5. Which activities are the most important to you and your family? (Select all that apply) *

Check all that apply.

- ☐ Open Space, Trails, and Recreational Paths
- ☐ Sports Fields
- ☐ Dog Parks
- ☐ Community Events within our parks and open spaces (Concerts, farmers markets, parades, etc.)
- ☐ Neighborhood Parks and Playgrounds
- ☐ Youth Programs (Sports, daycare activities, etc.)
- ☐ Swimming and Municipal Waterparks
- ☐ Community Gardens

Other: _____

6. Please check all the reasons why your household does not use City of Black Diamond parks or recreation facilities more often. *

Check all that apply.

- ☐ Parks do not have the right equipment
- ☐ Parks and facilities are not well maintained
- ☐ Inaccessible for my abilities
- ☐ Parks and sport courts are too crowded
- ☐ Parks are too far away from my home
- ☐ Too busy to go to parks and facilities
- ☐ Use parks or facilities provided by another city or organization
- ☐ I do not know what is offered
- ☐ None - I regularly use local parks or recreation facilities

Other: _____

7. Do you rely on parks and recreation activities as part of your health and fitness routine? *

Mark only one oval.

- ☐ Yes
- ☐ No
- ☐ Partly
- ☐ Other: _____

8. Which park or program (can be within Black Diamond or in a nearby city) would you consider a model that you would like to see more of throughout the City? *

9. What challenges prevent you or your family from accessing the City Parks, Recreation, and Open Space? (Check all that apply) *

Check all that apply.

- ☐ ADA accessibility
- ☐ Transportation
- ☐ Inconvenient locations
- ☐ Quality of parks/programs
- ☐ Poor experience
- ☐ I do not feel safe
- ☐ My preferred park is not offered by the City
- ☐ Lack of Programs

Other: _____

10. What programs or features have you seen elsewhere that are unavailable in the City? *

11. Do you feel safe using the parks and recreation opportunities? *

Mark only one oval.

- ☐ Yes
- ☐ No
- ☐ Sometimes
- ☐ Other: _____

12. How would you rate the cleanliness of the parks and recreation facilities overall? *

Mark only one oval.

	1	2	3	4	5	
Poor	☐	☐	☐	☐	☐	Excellent

13. How would you rate the cleanliness of the public restrooms? *

Mark only one oval.

	1	2	3	4	5	
Poor	☐	☐	☐	☐	☐	Excellent

14. How would you rate the quality of the parks and recreation facilities? *

Mark only one oval.

	1	2	3	4	5	
Poor	☐	☐	☐	☐	☐	Excellent

15. What is your overall opinion of the Black Diamond Parks current offerings? *

Mark only one oval.

	1	2	3	4	5	
Poor	☐	☐	☐	☐	☐	Excellent

16. Do you have additional comments or suggestions?

17. If you would like to provide your name and contact information, to enable us to follow up with you should we have any questions or need clarification on any of your responses, you are welcome to do so below.

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City of Black Diamond
2021 Planning Commission Work Plan

<i>Item</i>	<i>Description</i>	<i>Outside consultants needed</i>	<i>Deliverables</i>	<i>Anticipated Timing</i>	<i>Notes</i>
Current Working Tasks					
Comprehensive Plan amendment - 2020	This task is to reconcile the need for adopting the 2020 CPA to satisfy PSRC compliance requirements	Yes	(1) recommendation of the PC to approve has passed 12/2020; (2) complete SEPA determination (3) recommendation to be forwarded to City Council for action	March 2021	
Parks, Recreation and Open Space Plan	This task involves evaluating existing park and recreation resources, goals and policies and future needs for the City.	Yes	(1) Public Surveys and survey results; (2) Public outreach and submitted feedback; (3) Draft PROS Plan; (4) Final and adopted PROS Plan	January - May 2021	
Housing Action Plan	This task involves evaluating existing housing resources, economic and demographic data to help the City determine best management practices for protecting and encouraging smart growth of the community's residential capacity.	Yes	(1) Housing Needs Assessment; (2) Public Surveys and survey results; (3) Public outreach and submitted feedback; (4) Draft Housing Action Plan; (5) Final and adopted Housing Action Plan	January - April 2021	
Code compliance updates	This task involves updating the City's code compliance regulations	Yes		March - June 2021	

City of Black Diamond
2021 Planning Commission Work Plan

Future Tasks - Set Deadline

Comp Plan Annual Amendment Docket	This task involves undertaking a broad review of the Comprehensive Plan and Development Regulations per BMC 16.10.140 to determine if the goals and policies reflect current community values and to incorporate desired amendments developed from City and community priorities.	Yes	(1) Docket of proposed amendments to the Comprehensive Plan and development regulations; (2) Draft and Final reports evaluating proposals to amend the Comprehensive Plan and adopt new or revised development regulations; (3) City staff recommendations; (4) Recommendation of Planning Commission to City Council for action; (5) Council review and adoption	February - October	

Subsequent Tasks beyond 2021

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BLACK DIAMOND
DRAFT HOUSING ACTION PLAN

I. 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 Black Diamond is no exception with nearly a 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 77 percent of cost-burdened households making less than 80 percent of the area median income (AMI), and 98 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* (HNA), which is contained in the appendix of this document.

There are currently two Master Planned Developments (MPDs) that are projected to be fully built out by 2026. This will propel the city from a population of 4,434 and a household count of 1,709 in 2018 to a projected population of 19,262 and household count of 7,674 by 2035. With a population and household count that is expected to more than triple in less than 20 years, Black Diamond is at a critical point in its history, which is why the City has prioritized the creation of this *Housing Action Plan* (HAP). With the baseline data of its current housing needs measured within the HNA and through input from the public, it will be important for the City to monitor the projected growth over the next few years and proactively ensure that the housing needs of current and future populations are met.

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

1. **Monitor housing needs.**
2. **Increase Housing Diversity and Prevent Displacement (or Preserve Community)**
3. **Create opportunity.**

The first strategic objective realizes the substantial growth Black Diamond is experiencing and seeks to monitor the changing housing needs of the community. It seeks to expand on the HNA and better align the City's planning documents with the projected needs. This will also involve working more closely partnering agencies. As the strategic objectives and actions are generally listed in order of priority, this strategic objective is Black Diamond's highest priority for implementation. The second strategic objective prioritizes preserving the rural-town feel of Black Diamond, as well as ensuring existing residents continue to live in high-quality homes they can afford. It also encourages Black Diamond to increase its housing diversity and make the development of affordable housing more feasible. Finally, the third strategic objective seeks to guide Black Diamond in addressing how it can leverage rising employment opportunities and increased investment to efficiently reinvest in more housing opportunities for lower income households.

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.

DRAFT

Strategic Objective I: Monitor Demographic Shifts and Housing Needs

The City of Black Diamond is in the midst of unprecedented growth due to the ongoing implementation of two Master Planned Developments (MPDs), Lawson Hills and the Villages, that were approved in 2011. According to the approved Development Agreements (DAs), the communities will add 6,050 housing units at full buildout by 2026. This is tremendous growth for the small city that was home to only 1,709 households as of 2018. While the MPDs bring much needed housing to the region, none of the units permitted will be designated as affordable, or reserved for households earning less than 80% AMI. Such rapid growth in market rate housing will certainly shift Black Diamond's community demographics, so it will be critical to monitor these changes so the City can make thoughtful policy interventions to help mitigate displacement of current residents and work to create a more balanced housing stock for the future population.

The best place to start monitoring changes is by developing a "snapshot" of Black Diamond before many new residents have started buying homes and settling in. The Housing Needs Assessment (HNA), completed in November of 2020, serves as this snapshot by using demographic data from 2018. While this is the latest data available, it is also data that largely omits the MPDs. The HNA and the data within should serve as the benchmark from which to measure and track changes to the City's demographic profile, as well as changes in the housing market.

The City is already experiencing a rapid rise in home prices, undoubtedly due to the influx of new market rate homes being built and sold within the MPDs. According to redfin.com, the median sale price of a home in Black Diamond in December 2020 was \$617,460 which is up 23 percent from the previous year. Black Diamond's median household income data for 2020 is not available yet. However, we do know that with the 2018 median household income for Black Diamond being \$94,560, it's unlikely a household earning the median income in Black Diamond in 2020 would have been able to afford the median sale price.

While this information cannot be used to present the full picture at the moment, it is an important data point to monitor, and it has already started to show some significant changes in a short period of time. Right now, it simply demonstrates how important monitoring will be over the next decade especially in order to determine ways to support the existing population or any other households that may want to make Black Diamond home but are unable to afford the new housing units in the MPDs.

Action 1.1: Monitor housing data annually.

As discussed above, monitoring demographic and housing data over the next 10 years will be particularly important as new residents begin moving into finished units and the MPDs reach full buildout. The City should make a concerted effort annually to gather and analyze available data to track growth for major shifts to understand the trends, update the HNA, and respond accordingly. Data points that will be especially important to monitor are the median sale price of homes in the area, median household income, and the overall housing supply. All this data was already pulled together and efficiently organized for the HNA. The City can take the spreadsheets of data and use them as templates for carrying the data forward, as most of the data sources such as the American Community Survey and Office of Financial Management are updated annually. This should involve minimal effort, but it will be extremely beneficial for monitoring changes. When the data is collected and analyzed, the City should

work to determine if there are emerging housing needs and refer to actions outlined in this document for appropriate tools to help meet new housing needs. If the emerging trends do not need immediate action, the City should work to amend the Housing Action Plan (HAP) to lay the foundation for future policy interventions by laying out more specific plans within the document for when the time comes.

Action 1.2: Create partnerships with neighboring cities and towns.

Black Diamond has always been considered a small rural community. Its relative distance from the large cities such as Seattle and Tacoma has meant the city has experienced a delayed effect from the tremendous growth the rest of the region has undergone over the past couple decades. However, with the implementation of the MPDs, Black Diamond is and will continue to grow at an unprecedented rate, creating a pressing need to coordinate more closely with neighboring cities and towns, as well as the County.

As of January 2021, the City has been actively engaged with King County in an effort to realign its growth targets which had previously not accounted for the MPDs leaving Black Diamond's growth targets much lower than reality. Having such inaccurate growth targets can have fundamental consequences, as they are essential to city and county comprehensive planning efforts. Moving forward, especially during this time of rapid growth, the City needs to prioritize participation in the growth target allocation process with King County and facilitate regular check-ins with neighboring cities and towns to ensure that shared priorities such as infrastructure investment are meeting the needs of the area.

Action 1.3: Align the City's policy documents.

As Black Diamond begins monitoring housing needs more closely over the next decade, it will become important to create a work plan to update and align the City's policy documents in order to create room for necessary policy interventions. The City should participate in periodic updates of the Comprehensive Plan, particularly when the MPDs have reached their full buildout. The Community Development Department should have a close partnership with Public Works Department to ensure that the Capital Facilities Plan facilitates and supports the Land Use and Housing elements of the Comprehensive Plan.

The City should also begin work on updating the land use code to remove any barriers to housing development. This can include cleaning up confusing language, allowing for more flexibility, and streamlining permit review processes. The land use map should play a role in this evaluation to understand if the map should be amended in light of the City's changing landscape. The City should consider where development outside the MPDs should be focused and how it could facilitate more diverse housing types. Some of these items will be covered in more detail in the other recommended actions.

Action 1.4: Conduct a risk assessment.

With a major influx of market rate housing in a small community without any accommodations for affordability, displacement can quickly become a reality for existing residents. As discussed above, the median housing price is already on the rise in Black Diamond, likely as a result of the MPDs. As Black Diamond expands, attracting new residents and increasing property values, some residents might not be able to keep up with rising costs or pressure to redevelop, and they could be forced to find housing elsewhere.

Puget Sound Regional Council is committed to anti-displacement work in western Washington, creating resources to help cities conduct risk assessments. One such resource is the [technical guide to evaluating displacement risk](#). Conducting a risk assessment analysis can identify groups of people or neighborhoods most at risk for displacement. This will allow the City to better prioritize policy implementations that can help these communities adapt to economic changes. Not only could this potentially mitigate displacement in the future, it could also strengthen the relationship between the City and its residents by demonstrating the City's commitment to inclusive growth moving forward.

DRAFT

Strategic Objective II: Increase Housing Diversity and Preserve Community

As of 2018, the City of Black Diamond's housing stock was 90 percent single-family residential with the remaining 10 percent being mobile homes. Needless to say, the City's housing stock lacks diversity. Additionally, 85 percent of the households own their home and 15 percent rent. A community's housing stock should reflect those who live in it, as one size cannot fit all for a community whose residents have varying incomes and household sizes, among other differences. A lack of diversity can often put pressure on households to spend too much on their housing because there are simply no other options available, and it can also increase the risk of displacement from the community if households get priced out of the single-family home market. Thirty percent of Black Diamond's households are cost-burdened, meaning they spend more than 30 percent of their household income on housing costs. Since one-third of the households are spending too much on their housing, this indicates there could be a need to diversify Black Diamond's housing stock and focus on incentivizing the development of housing that is more affordable.

The City of Black Diamond is certainly undergoing dramatic change, and while some may welcome the change, others may feel like the community they love is changing too quickly and will soon be unrecognizable. Black Diamond's rural small-town feel is important to the people who have chosen to make it their home, and it should be preserved and enhanced where appropriate and possible. When evaluating new policies to help diversity the housing stock, the City should consider developing design standards for new developments that embody Black Diamond's character and focus on blending them into the existing fabric. The primary goal of this strategic objective is to expand housing options for current and future residents that best suit their socioeconomic status, while being more thoughtful about implementation so as to preserve Black Diamond's unique identity.

Action 2.1: Encourage more diverse types of housing development.

According to the DAs associated with the MPDs, the developments will add 1,520 multifamily units accounting for 25 percent of the total units added by the MPDs. While this is certainly a step in the right direction, Black Diamond will need to focus on finding more ways to increase housing diversity throughout the City. Increasing the diversity of housing options for Black Diamond is one way to shift cost-burdened households into housing that is more suitable for their income and promote affordability within the City overall.

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 households earning median, or "middle," incomes. They are also some of the most affordable forms of housing on a cost-per-square-foot basis. In general, these unit 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.

Black Diamond's single-family zoning districts, R4 and R6, currently only allow for duplexes as a conditional use. Expanding the types of housing permitted within R4 and R6 is a great way to increase diversity, without increasing density. The City should consider adding allowances for cottage housing,

duplexes, triplexes, and fourplexes in these two zones and switching their classification from “Single-Family” to “Low Density Residential”.

Black Diamond already allows accessory dwelling units (ADUs) in residential zones, but the City can utilize a number of incentives to encourage their development. This could include providing approved stock designs that would eliminate the need for a designer and would expedite the permit process. Another incentive could be waiving utility connection and impact fees. 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.

Action 2.2: Create incentives for affordable housing.

Black Diamond does not currently offer any incentives for affordable housing development. The only formally-defined affordable housing is a manufactured home park owned by King County Housing Authority. It is reserved for low-income seniors and contains 30 units. In light of the rapidly changing market in Black Diamond due to the MPDs, the City should seek to encourage an affordable housing stock for households earning below 80% of the AML. Affordable housing options can help mitigate both displacement and the number of cost-burdened households within the City. It can help create a more inclusive city by making room for households that are attracted to the lifestyle Black Diamond offers but are unable to afford market-rate prices.

One of the main tools Black Diamond should consider using to incentivize affordable housing 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 growth in areas with the greatest capacity and significant challenges to development feasibility.

Cities can also mandate affordable housing in areas through the use of inclusionary zoning which requires that all new construction within a specified zone include income-restricted units. A city can define the percentage of units that must be subject to affordability requirements, as well as the target income level for affordability. Washington requires cities that establish inclusionary zoning to provide increases in residential capacity through zoning changes, bonus densities, height and bulk increases, 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. This may be an appropriate option for Black Diamond if the City faces pressing affordability challenges after the MPDs are fully implemented. However, the City should prioritize implementing incentive-based tools first.

Another tool that Black Diamond could consider is an Affordable Housing Demonstration Program, such as the one Burien implemented in 2019. The program makes allowances for types of housing and densities that are not currently permitted under existing city regulations. Burien’s program currently allows up to five affordable housing demonstration development projects. The Planning Commission and Council are both involved in evaluating the projects and assessing if they are compatible in the neighborhood, and the Council is allowed to select the projects. The City developed rules surrounding

the type of developments that qualify, parameters regarding their proximity to one another, and community engagement.

Implementing a demonstration program would allow Black Diamond to have more control over the quality and type of affordable developments that best suit the city's needs. It would also allow the City to closely evaluate potential barriers that exist in affordable housing development and practical changes to development regulations that support affordable development.

Action 2.3: Create consistent standards for fee waiver eligibility and resources to offset waived fees.

One of the primary tools cities can use to help lower the cost of desired development, such as affordable housing, is to waive city development 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.

Black Diamond should consider adopting a program that focuses on waiving fees for housing units the City hopes to see more of such as ADUs, units designated as affordable, or single-family units converted to duplexes or triplexes. This could be done by creating standard guidelines that identify what kind of housing units 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 understand how to prioritize fee waivers and 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 internally efficient and not overly burdensome. The City should also consider expediting review for certain types of development the community wishes to encourage, such as infill development or affordable housing. The City should also move housing types listed as conditional uses in residential zones to permitted uses to eliminate the conditional use permit process from housing development. These allowances could be paired with an update to the development standards of these uses to ensure any conditions to mitigate impacts are specified in the code.

Action 2.4: Preserve Black Diamond's sense of community.

Black Diamond's identity as a small, quiet town is beloved by many of its current residents. Its location offers easy access to many of Washington's treasured natural areas providing an abundance of outdoor recreational opportunity. While rapid growth has come to Black Diamond, it has predominantly been confined to the MPDs. Black Diamond should now focus on how to accommodate more diverse types of housing without sacrificing the City's small town identity.

Commented [LAR1]: Maybe we rename to something like "lower the cost of development"?

Creating a set of design regulations for attached residential development emphasizes high-quality and predictable built results 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. If the City looks to expand the housing types permitted within the R4 and R6 to include cottage housing, duplexes, triplexes, and fourplexes, the City should work with the community to develop design regulations for these types of developments to ensure their expansion into these zones does not disrupt the existing character.

Strategic Objective III: Create Opportunity

As Black Diamond continues to grow, it will be important for the City to foster opportunity for current and future residents. Black Diamond has a low jobs-to-housing ratio at 0.33 jobs for every occupied housing unit, which indicates that many of the employed residents of Black Diamond work outside of Black Diamond. Discussed in depth in the Housing Needs Assessment, 57 percent of employed residents have a commute time of 30 minutes or greater to work, and 20 percent have a commute time of 60 minutes or greater, suggesting there is also a lack of jobs available *near* Black Diamond. If there were more employment opportunities available in the city, commute times and transportation costs would decrease. For some households, monthly transportation costs, usually tied to a long commute, can equal or exceed a household's monthly housing costs. Knowing that Black Diamond could be facing more concerning affordability issues in the near future, job creation and transportation costs should play a major role in the City's plan for addressing affordability.

The HNA showed that Black Diamond's citizens seem likely to age in place. 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.

As previously discussed, redfin.com has shown a 23 percent increase in the median sale price of homes in Black Diamond in just one year, likely due to the ongoing implementation of the MPDs. If this trend continues, the influx of housing units will be unaffordable to current Black Diamond median income households. Therefore, in addition to diversifying the housing stock to offer more affordable options, the City should work to expand resources to those households that may be on the cusp of being able to buy a home to ensure a fair share of residents continue to be able to experience the benefits of homeownership.

Action 3.1: Use value capture to generate and reinvest in neighborhoods experiencing increased private investment.

Black Diamond should prioritize finding ways to increase employment opportunity within the City, to decrease commute times and increase affordability. Creating more jobs in Black Diamond could also help cut down on heavy traffic in the area by locating employment near housing. According to the DAs associated with the MPDs, MPDs are projected to contain 515,000 square feet of retail space and 650,000 square feet of office space. The combination should create approximately 630 retail jobs and 1,500 office jobs. As outlined in the HNA, by 2035 the full build-out of the MPDs would increase the current jobs-to-housing ratio of about one job per three households to nearly one job per two households. This demonstrates that the expansion of commercial and office space within the city can

Commented [LAR2]: We need to find some actions to help renters.

have an impact. While Black Diamond is not projected to be an employment center, the increased jobs-to-housing ratio means more opportunity for people to live near where they work, if Black Diamond works to create housing opportunity that is affordable to those holding the new jobs.

Black Diamond 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 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. Black Diamond could develop a program that focuses on capturing tax dollars to fund public improvements that support commercial development.

Action 3.2: Target existing resources to improve the stability of existing owner-occupied homes.

Homeowners are often burdened by housing costs that extend beyond a monthly mortgage, and these additional costs are not always visible in the data collected. This is especially true for Black Diamond, as small cities typically have less data available. Property taxes, utility bills, and ongoing 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. Black Diamond should establish an internal process to connect homeowners to resources via code enforcement.

Many cities also offer reduced utility rates for low-income senior and disabled residents. In addition to implementing fee reductions, 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, like the Black Diamond Community Center, to conduct targeted outreach. A few resources are detailed and linked below.

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.

Action 3.3: Adopt programs that support first-time homebuyers to increase access to the changing housing market.

Homebuying is still an important avenue to build wealth, especially intergenerational wealth. While Black Diamond is experiencing a major increase in housing units, it’s been previously discussed that the new housing stock is not trending towards being affordable for the city’s current median income earner. It’s likely that those new housing units will be sold to higher income earners new to the area, changing

Commented [LAR3]: Research additional existing programs that the City could partner on: 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.

Black Diamond's demographics in the future. It will be important for the City to still provide resources and accommodations for residents that span much of the socioeconomic spectrum if they so choose to make Black Diamond their home. There are many ways cities can assist first-time home buyers, but as we do not know the full impact of the MPDs on the housing market, the City should focus on resource sharing rather than program implementation or offering direct financial assistance.

While the City monitors changes in demographics and the housing market over the next decade or so, conducting outreach to promote the resources available for first-time homebuyers is the best first step. Resources such as the [Home Advantage Program](#), which is administered by the Washington State Housing Finance Commission and offers homebuyer education services as well as down payment assistance, should be widely shared and championed by the City in its efforts.

DRAFT



CITY OF BLACK DIAMOND

HOUSING NEEDS ASSESSMENT

NOVEMBER 2020



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EXECUTIVE SUMMARY

Black Diamond is in the midst of unprecedented growth, primarily due to two Master Planned Developments (MPDs), Lawson Hills and The Villages, that were permitted in 2011 and have recently begun implementation. In 2014, Puget Sound Regional Council (PSRC) projected 9,159 residents, 3,643 households, and 2,073 jobs for Black Diamond by the year 2035. However, because this did not account for the impending MPDs, the PSRC recently coordinated with Black Diamond to update their forecast to more accurately represent the City's future. Today it is expected that by 2035, Black Diamond will be home to 19,262 residents, 7,674 households, and 3,709 jobs in 2035. Compared to the City's 2018 numbers of 4,434 residents, 1,709 households, and 558 jobs, this represents a dramatic shift in a short period of time. Understanding that this transition in population demographics could greatly affect the City's affordability, it is now critical for the City to explore ways in which the housing needs of a changing population, in all income brackets, will need to be met.

<u>2018 ACS 5-year estimates</u>	Black Diamond
Population	4,434
Total households	1,709
Cost-burdened households	30%
Households earning less than 50% AMI	28%
Median household income	\$94,560
Minimum income to afford 2018 median home sale and not be cost-burdened*	\$81,560
Total renter-occupied housing units	256
Total owner-occupied housing units	1,453
Total vacant housing units	93

As of 2018, Black Diamond had a median household income of \$94,560 compared to King County's median household income of around \$89,000. While Black Diamond has maintained a higher median income than the County overall, King County's median income has been growing at a much faster rate in recent years. Even though the City has a high median income, 30% of Black Diamond households are still cost-burdened, spending more than 30% of their household income on housing costs. Throughout this document, cost-burden and affordability are closely tied. In measuring affordability, housing costs are deemed unaffordable if they account for greater than 30% of the income of the household that is paying them. With 30% of households being cost-burdened, this represents a significant portion of the populations whose needs are not being met within the current housing stock. In Black Diamond, low-income households, defined as those making less than 80% Area Median Income (AMI), are disproportionately burdened by their housing costs, as 77% of cost-burdened households are low-income and 98% of severely cost-burdened households are low-income.

Of Black Diamond's occupied housing units, 85% are owner-occupied and 15% are renter-occupied. More renters than homeowners in Black Diamond are cost-burdened, with 43% of renters being cost-burdened compared to 29% of homeowners. However, more homeowners than renters in Black Diamond are severely cost-burdened, paying more than 50% of their household income on housing costs. Additionally, 86% of cost-burdened renters are low-income households, compared to 75% of cost-burdened homeowners.

Black Diamond's rental housing is affordable to all households earning above 50% of the AMI, but Black Diamond has such a small portion of rental units there is a lack of available data for units having two or three bedrooms. Therefore, while we can see that rental units containing one bedroom are affordable to all households, we do start to see the four-bedroom units become unaffordable to very low- to extremely low-income households.

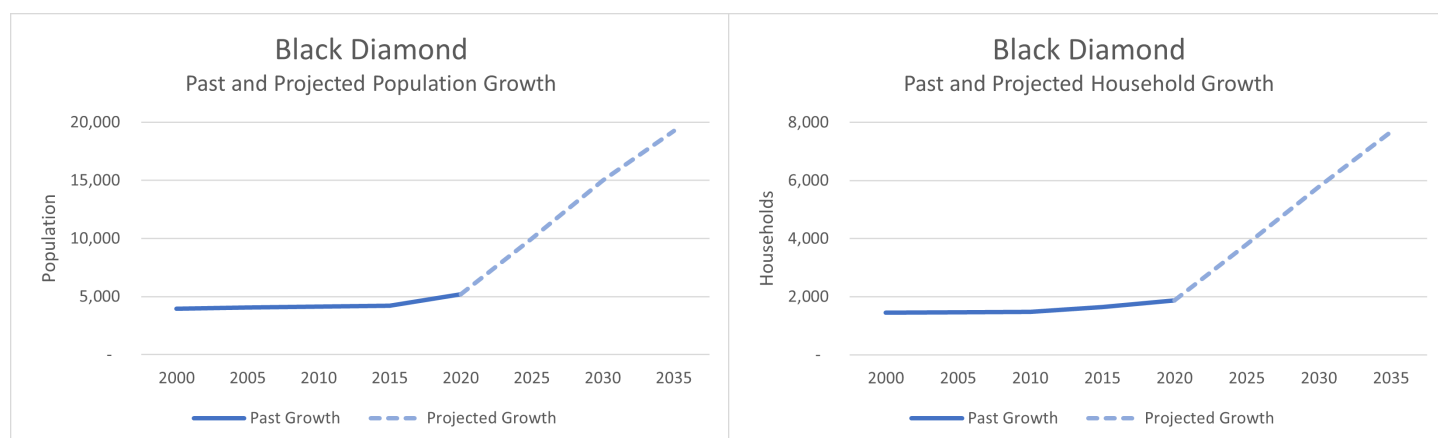
The numbers that follow in this report will likely be significantly different in the near future, but it is important for Black Diamond to document the current situation prior to the full buildout of the MPDs to more precisely understand *where* the shifts occur and how to better plan for the future population's needs.

POPULATION & DEMOGRAPHICS

As of 2020, Black Diamond's population is 5,205¹. Prior to the approval of two Master Planned Developments (MPDs), Puget Sound Regional Council (PSRC) had projected that the 2040 population of Black Diamond would be 7,094, which would have been a modest 36% increase in population over 20 years. However, following the approval of the two MPDs (The Villages and Lawson Hills) in 2010, the projected population and housing numbers for Black Diamond drastically increased. Factoring in full build out of these two MPDs, which is expected to occur by 2026, the updated forecast has Black Diamond projected to reach 19,262 residents and 7,674 households in 2035.² population and housing supply to get a baseline from which to judge the changes in population and households and their effects.

As of 2018, there are 1,709 households in Black Diamond. Of those households, 75% of them are families and 29% are families with children under the age of 18. Both percentages are higher than in King County, where 60% of the households are families and 27% are families with children under the age of 18. Household and family size also differ between Black Diamond and King County. Black Diamond has an average household size of 2.6 and an average family size of 3.0. King County has an average household size of 2.5 and an average family size of 3.1.³

Regarding the racial demographics of Black Diamond and King County, both are majority White, but the percentage of the White residents in each varies greatly. Ninety-two percent of Black Diamond residents are White, compared to 65% of King County residents. The largest non-White population for both Black Diamond and King County is Asian at 3% and 17% respectively.⁴



Median Income

Black Diamond's median household income has been well above King County's median household income since 2000, but the gap had closed substantially by 2018. As of 2018, Black Diamond's median household income was \$95,000, \$6,000 more compared to King County's. King County's median household income increased by 31% between 2010 and 2018, whereas Black Diamond's only increased by 14%.

When evaluating Black Diamond's income, it is important to understand the standard from which affordability is measured. Area Median Income (AMI) is measured by metro areas defined by the U.S. Department of Housing and Urban Development (HUD), and metro areas cross city and county lines. Black Diamond is captured within the Seattle-Bellevue Metro Area, which covers a geographic area larger than solely King County. As of 2018, the (HUD) AMI for the Seattle-Bellevue, WA Metro Fair Market Rent Area was \$103,400⁵, \$8,000 higher than Black Diamond's.

¹ OFM Population Estimate 2020.

² 2018 Black Diamond Comprehensive Plan.

³ 2018-2014 American Community Survey 5-year Estimates.

⁴ 2018-2014 American Community Survey 5-year Estimates.

⁵ HUD FY 2018 Income Limits Documentation.

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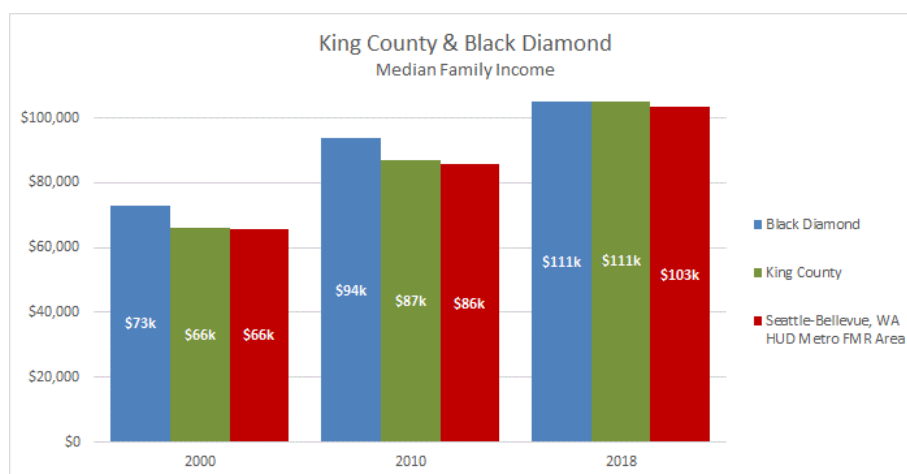


Figure 3 Source: 2018-2014 ACS 5-year estimates; 2010-2006 ACS 5-year estimates; 2000 Census; 2018, 2010, and 2000 HUD Income Limits

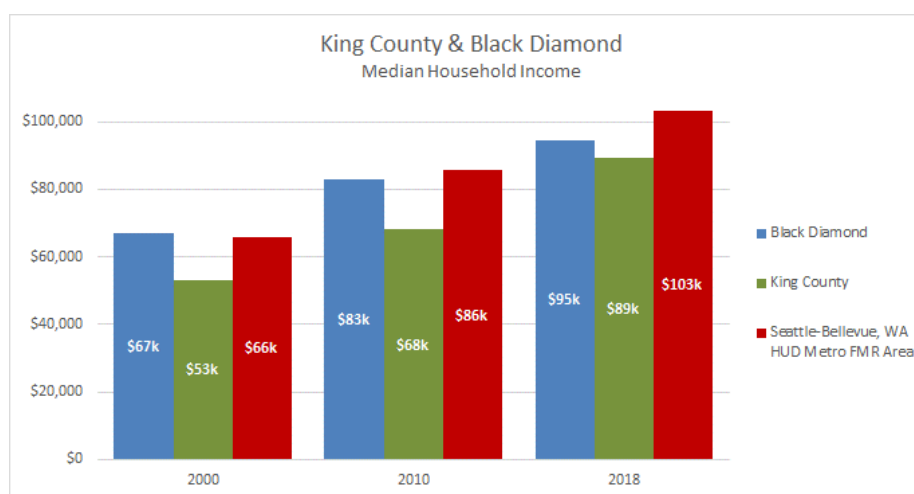


Figure 4 Source: 2018-2014 ACS 5-year estimates; 2010-2006 ACS 5-year estimates; 2000 Census; 2018, 2010, and 2000 HUD Income Limits

This is the standard AMI used throughout this report, as most of the data referenced in this report AMI is higher than the median household incomes reported in both King County and Black Diamond. The differences between the Seattle-Bellevue AMI and King County and the City of Black Diamond's AMI is a vital factor in understanding affordability because HUD uses the AMI as its benchmark for its federal housing programs. The Seattle-Bellevue AMI has been growing at a faster rate than Black Diamond's median household income, increasing the gap between these two income measurements. 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 HUD's 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 Black Diamond was \$16,000 more than median household income. The figure below 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.

Income distribution

In Black Diamond, 41% of households are considered low-income, defined as households earning 80% or less of the AMI. This is slightly higher than King County overall, where 37% of households are low-income. *Very low-income* households are defined as earning between 30% and 50% of AMI, whereas *extremely low-income* households are defined as earning

POPULATION & DEMOGRAPHICS

30% or less of AMI. In Black Diamond, 15% of households are very low-income, and 13% are extremely low income. The County has a slightly lower number of very low-income households at 11% of households. Fourteen percent of King County's households are extremely low-income, which is similar to Black Diamond.

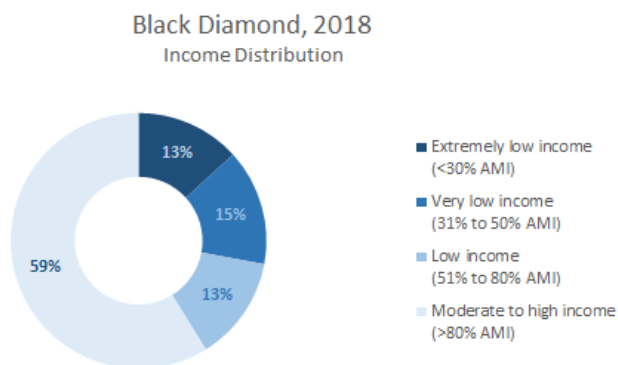


Figure 5 Source: 2016 CHAS Data (projected to 2018)

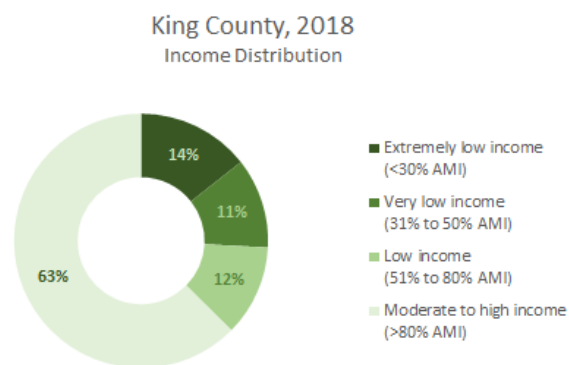


Figure 6 Source: 2016 CHAS Data (projected to 2018)

The income distribution in Black Diamond has fluctuated since 2010, with an 11% decrease in moderate to high income earning households, those earning greater than 80% of AMI. There was also a 6% decrease in low-income households. There was also a slight increase in very low-income households, and extremely low-income households went from 0% to 13%. In King County, income distribution has remained relatively steady from 2000 to 2018.

Understanding the income distribution is critical when looking to develop a Housing Action Plan because it starts to show cities and counties what households can afford to spend on housing. However, this data falls short because it does not account for household size. This means a single-person household and a four-person household are positioned within the same income bracket, even though the household of four is likely to be much more financially strained. Household size will be discussed as a factor in determining affordability later in the Housing Needs Assessment.

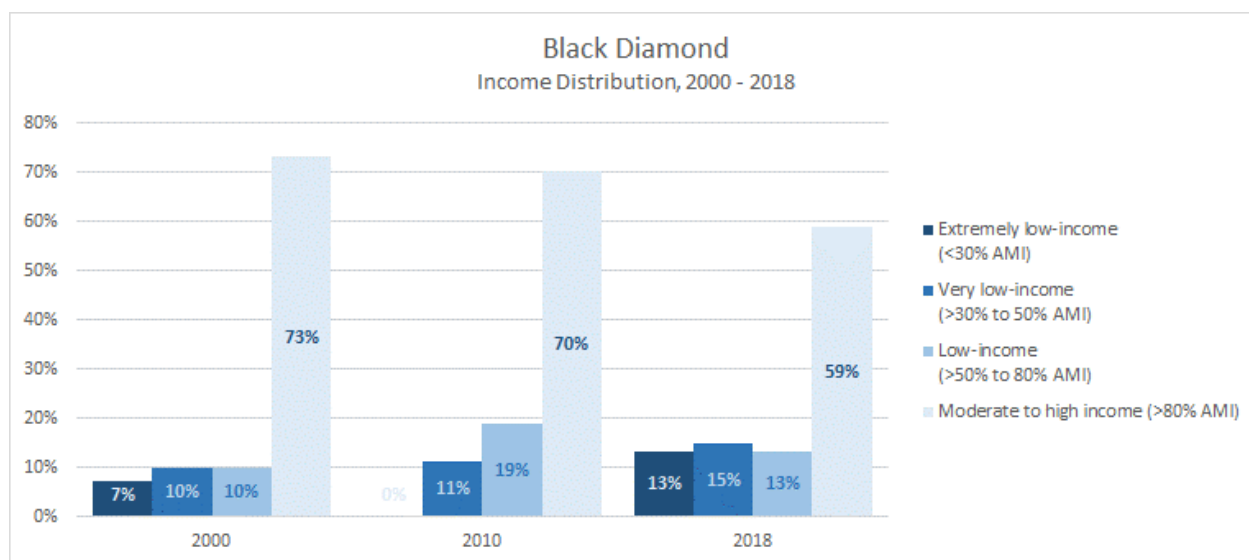


Figure 7 Source: 2016 CHAS Data (projected to 2018); 2010 CHAS Data; 2000 CHAS Data.

POPULATION & DEMOGRAPHICS

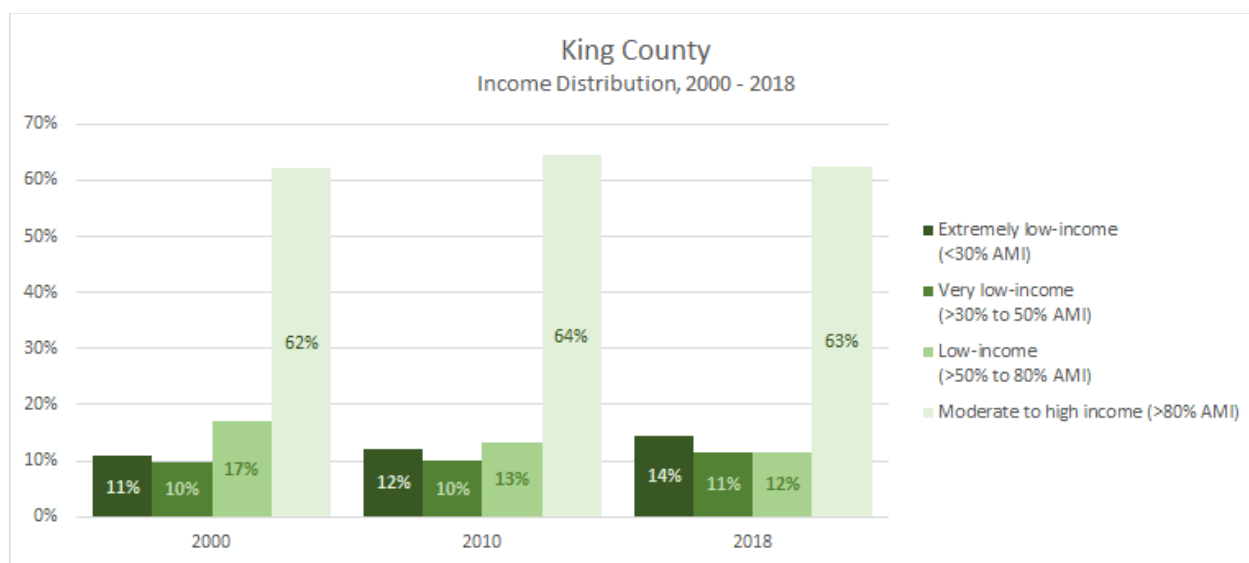


Figure 8 Source: 2016 CHAS Data (projected to 2018); 2010 CHAS Data; 2000 CHAS Data.

Housing Tenure

Understanding housing tenure in Black Diamond will be important to help understand what types of housing should be prioritized in the future. For instance, if the City has a very high percentage of renters that has been growing overtime, it may want to investigate why this could be happening and strategies could help move more households into ownership, if they so desire. Black Diamond's households are primarily homeowners, but the share of renters has grown, seeing an 8% increase since 2010. As of 2018, the City's households are 85% owners and 15% renters. Of owner-occupied households, 93% are White versus the 77% of renter-occupied households that are White.

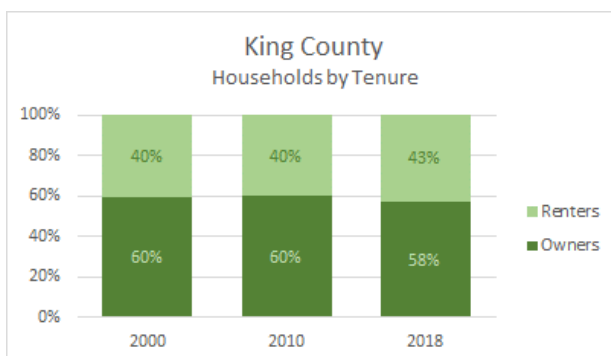


Figure 9 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

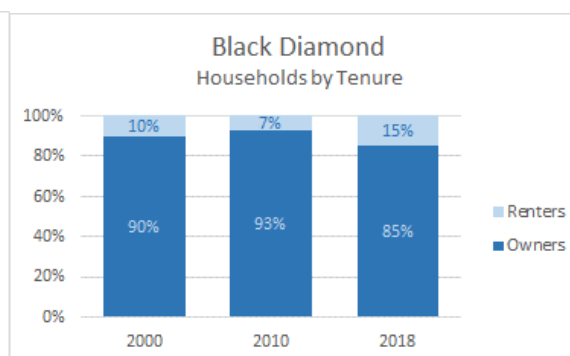


Figure 10 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

King County's housing tenure has remained fairly steady since 2010, but has seen a 3% increase in renters since 2010. Overall, both the City and the County have experienced an increase in households that rent since 2010.

Cost-burdened Households

In Black Diamond, 30% of households are *cost-burdened*, meaning their housing costs account for 30% or more of their household income. Fourteen percent of households in Black Diamond are considered to be *severely cost-burdened*, which means that 50% or more of their household income is spent on housing costs. King County is slightly higher than Black Diamond, with 33% of households being cost-burdened but has the same percentage of households that are severely cost-burdened.

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The City and County start to diverge more when the cost-burdened data is broken down by housing tenure. Renters in both Black Diamond and King County are disproportionately cost-burdened compared to homeowners. In Black Diamond, 43% of households that rent are cost-burdened, comparable to King County in general, where 42% of renter households are cost-burdened. However, King County has a higher proportion of renters that are severely cost-burdened. In Black Diamond, only 5% of renters are severely cost-burdened, compared to 20% in King County.

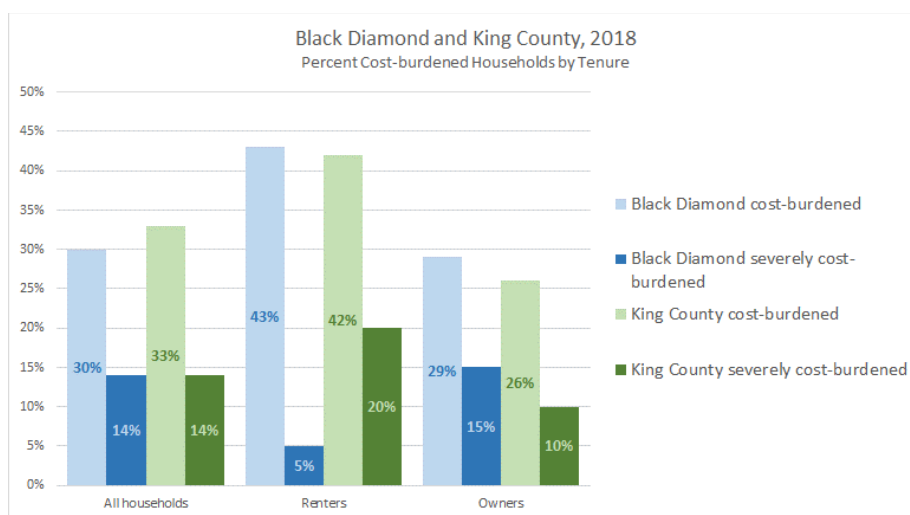


Figure 11 Source: 2016 CHAS Data (projected to 2018)

The percentages of cost-burdened households in both the County and the City are lower overall for homeowners. Of Black Diamond's homeowners, 29% are cost-burdened, compared to King County where 26% of homeowners are cost-burdened. The gap between the City and County for owner households that are severely cost-burdened households closes slightly. In Black Diamond, 15% of owner households are severely cost-burdened with King County minimally lower at 10%.

Overall, Black Diamond and King County are similar in terms of households that are cost-burdened in general, but we see the most difference when breaking down the households by housing tenure and looking at households that are severely cost-burdened. King County has a higher percentage of rental households that are severely cost-burdened, while Black Diamond has a higher percentage of homeowners that are cost-burdened.

Table 1. Percent Cost-burdened by Income and Housing Tenure, Black Diamond & King County (2018)

Cost-burdened	Renters		Owners		All Households	
	Black Diamond	King County	Black Diamond	King County	Black Diamond	King County
Extremely low-income (<30% AMI)	80%	78%	60%	80%	62%	78%
Very low-income (31-50% AMI)	33%	77%	52%	62%	50%	71%
Low-income (51-80% AMI)	80%	46%	52%	51%	58%	48%
Moderate to high income (>80% AMI)	13%	9%	12%	14%	12%	13%

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Table 2. Percent Severely Cost-burdened by Income and Housing Tenure, Black Diamond & King County (2018)

Severely Cost-burdened	Renters		Owners		All Households	
	Black Diamond	King County	Black Diamond	King County	Black Diamond	King County
Extremely low-income (<30% AMI)	40%	62%	48%	63%	47%	62%
Very low-income (31-50% AMI)	0%	24%	41%	35%	36%	28%
Low-income (51-80% AMI)	0%	5%	23%	16%	18%	10%
Moderate to high income (>80% AMI)	0%	1%	0%	2%	0%	2%

The tables above further breakdown cost-burdened data by housing tenure *and* income. In looking at the table *Percent Cost-burdened by Income and Housing Tenure, Black Diamond & King County (2018)*, it shows that 47% of extremely low-income households are cost-burdened, 36% of very low-income earners are cost-burdened, and that 18% of low-income households are cost-burdened. King County has a higher percentage of extremely low-income households that are cost-burdened with 62%, but a lower percentage of very low- and low-income households that are cost-burdened. King County also shows that 2% of moderate to high income households are cost-burdened.

Lastly, these tables show cost-burden by income and housing tenure. Black Diamond renters in almost all income brackets, with the exception of very low-income households (31-50% AMI) are more likely to be cost-burdened than owners. The opposite is true in King County. Low-income households that own their homes in King County, again with the exception of very-low income households, are more likely to be cost-burdened.

However, when looking at severely cost-burdened household data, low-income owners in *both* Black Diamond and King County are more likely to be severely cost-burdened than renters. Overall though, and as expected, percentage cost-burdened households amongst owners and renters decreases as income levels rise in both the City and the County.

Household Size

The Housing Needs Assessment data used accounts primarily for households, so it is important to discuss the size of an average household in Black Diamond to better frame affordability. The average household size has declined slightly since 2010, and as of 2018 is 2.59 people per household. King County's average household size as of 2018 was 2.46, a slight increase from 2.36 reported in 2010.

POPULATION & DEMOGRAPHICS

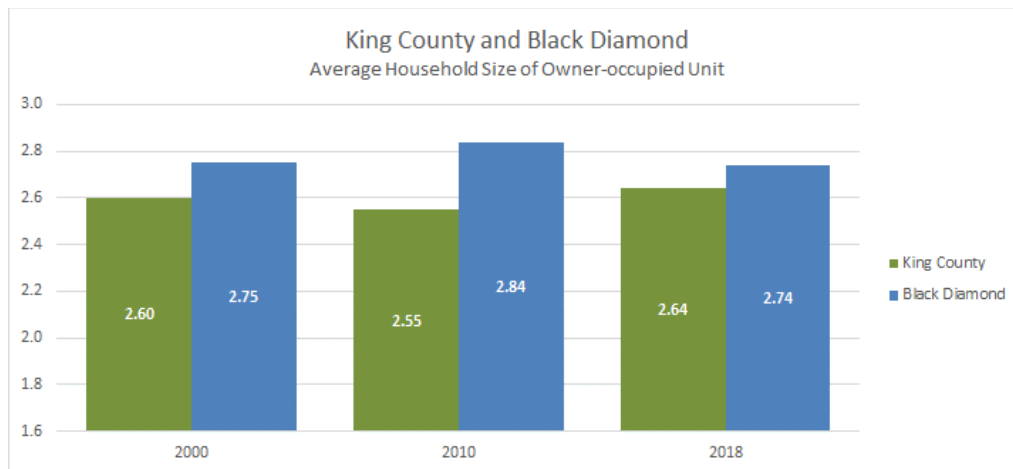


Figure 12 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

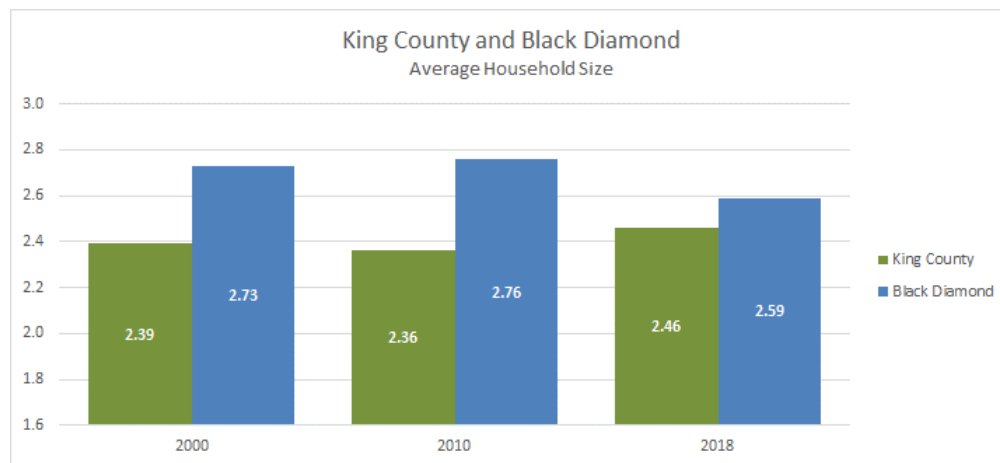


Figure 13 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

In looking at average household size by housing tenure, owner-occupied units have a slightly larger household size. In 2018, Black Diamond's average household size was 2.74, a decrease since 2010. King County's owner households, again saw an increase in average household size since 2010.

Average household sizes fluctuate when looking at households that rent. Black Diamond saw a dramatic decrease in average household size for renters between 2000 and 2010 but saw a slight increase in household size since 2010. As of 2018, the average household size for renters in Black Diamond was 1.79. King County again saw an increase in household size amongst renters between 2010 and 2018.

POPULATION & DEMOGRAPHICS

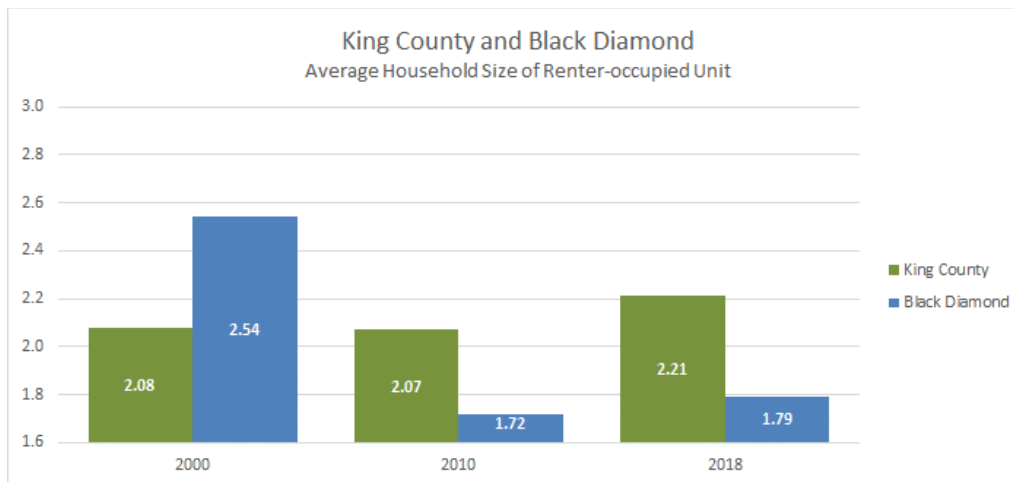


Figure 14 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

Overall, household sizes in King County tend to be smaller in King County than in Black Diamond, with the one exception being that Black Diamond has a much smaller household size amongst renters compared to King County.

Population Pyramid

Tracking changes in Black Diamond's age cohorts can provide insight into how the population is aging. In 2000, the City's largest cohort were those ages 30-39, in 2010 it was 40-49, and by 2018 the largest cohort were those 50-59 years of age. 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.

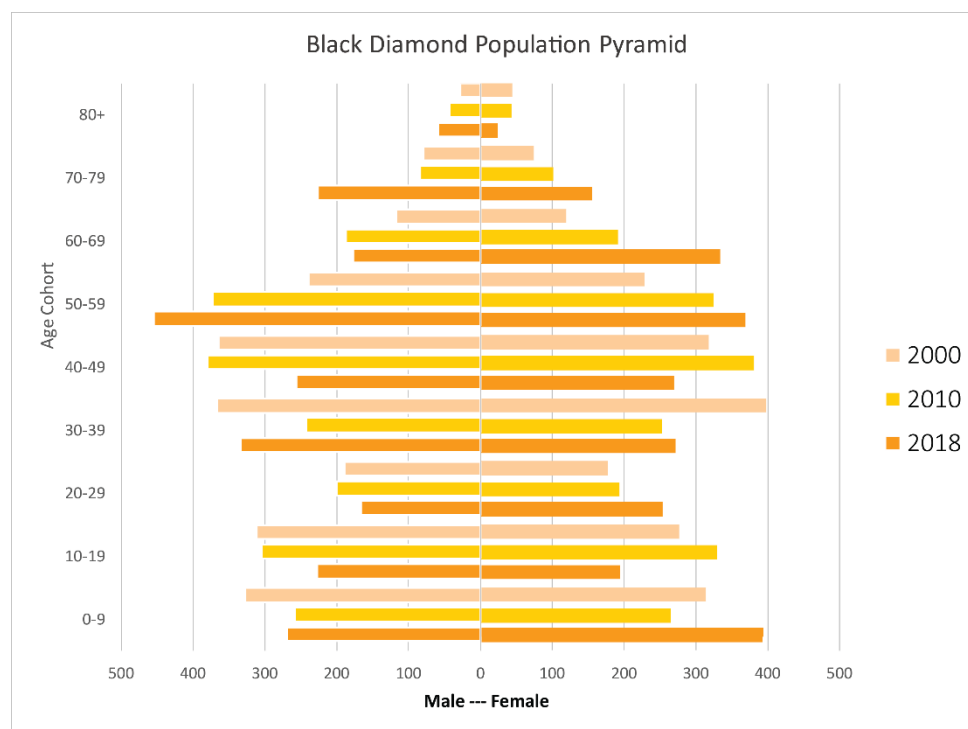


Figure 15 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

POPULATION & DEMOGRAPHICS

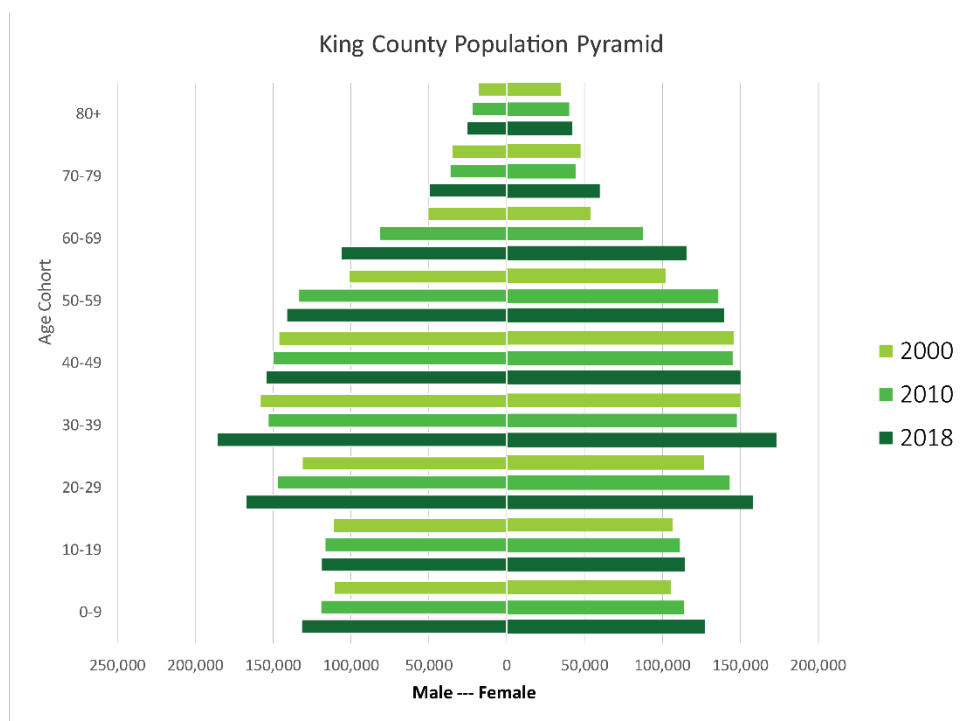


Figure 16 Source: 2000 Census; 2010 Census; 2018-2014 ACS 5-year Estimates

EMPLOYMENT

The employment status of Black Diamond 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 Black Diamond is 3.4%, compared to 4.5% for King County. The most common occupations for Black Diamond residents are in management, business, science, and arts occupations, with 43% of the employed population, followed by sales and office occupations at 20%. The most common industry for Black Diamond 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 Construction at 12%. See Figure 17 below.

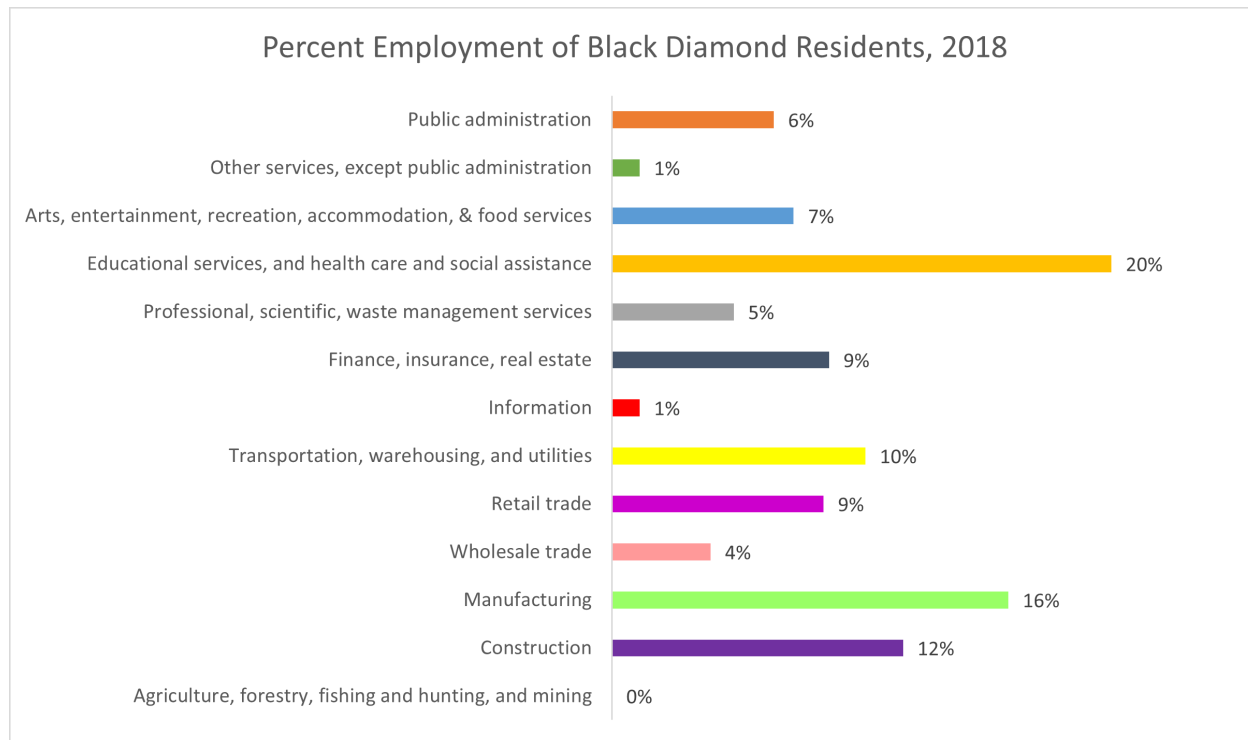


Figure 17 Source: 2018 – 2014 ACS 5-year estimates.

The jobs-to-housing ratio for Black Diamond is 0.33 jobs for every occupied housing unit, which indicates that many of the employed residents of Black Diamond work outside of Black Diamond. For comparison, King County has 1.60 jobs for every household, meaning the county is an employment center that attracts people who live outside of the county to work there. With 558 total jobs, the industry sector with the highest share of jobs in Black Diamond is Services at 41% following by Construction and Resources at 30%.⁶ See Figure 18 for employment numbers by major industry sector.

EMPLOYMENT

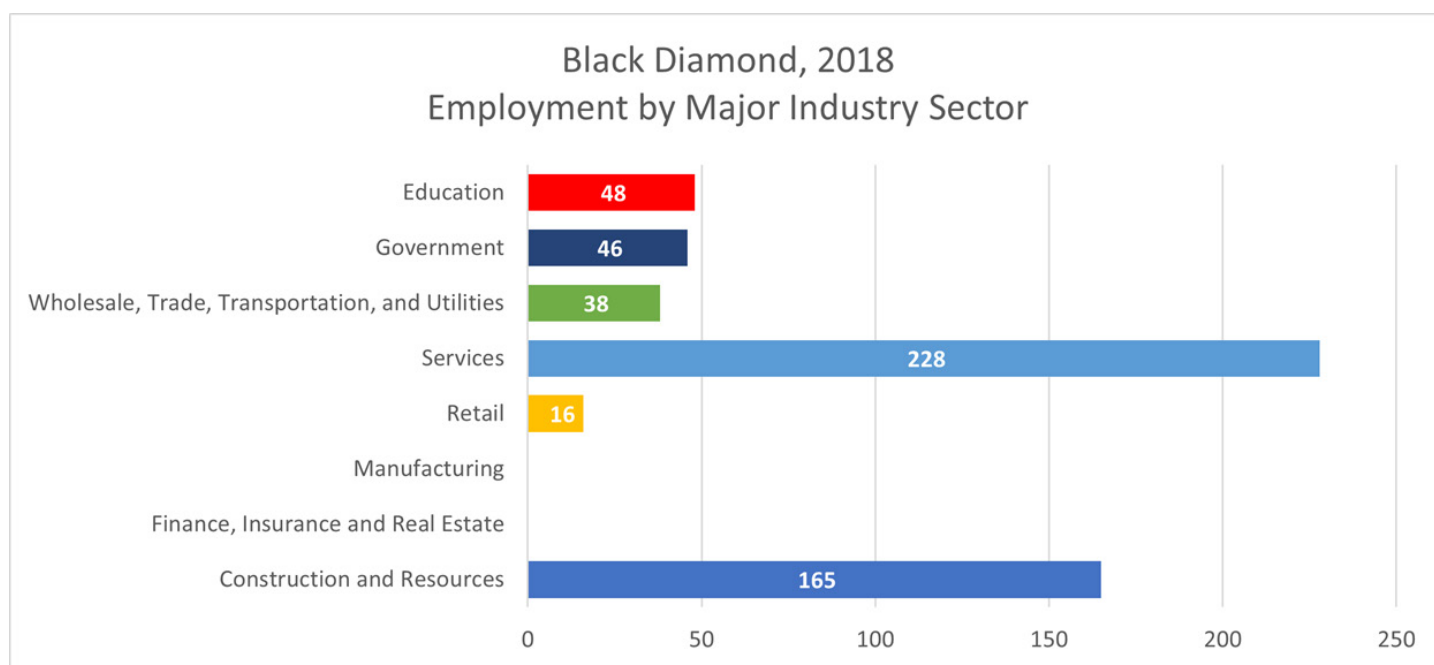


Figure 18 Source: PSRC Covered Employment Estimates, 2018.

With a low jobs-to-housing ratio, many of the employed residents of Black Diamond must commute to their workplace outside of the city. Of employed residents, 57% have a commute time of 30 minutes or greater to work, and 20% have a commute time of 60 minutes or greater, suggesting there is a lack of jobs available near Black Diamond.⁷ The Longitudinal Employer-Household Dynamics 2017 data which shows that only 9% of people who are employed in Black Diamond also live there. There are multiple potential reasons for this, with one being that the people employed in Black Diamond do not earn enough to afford to live there.⁸ Regardless of the factors that can influence where people work versus where they live, 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 82% of employed Black Diamond residents because that is the percentage that commute to work in a single occupancy vehicle.⁹ 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 Black Diamond workforce.

Ensuring housing options are affordable to the local workforce is important to consider in Black Diamond as the city welcomes both new households and new jobs over the next couple of decades. According to the updated growth projections when factoring in the two Master Planned Developments of The Villages and Lawson Hills, Black Diamond will have 7,674 households and 3,709 jobs by 2035.¹⁰ Compared to the 558 jobs currently in Black Diamond, this is a substantial increase. The two MPDs are projected to contain 515,000 square feet of retail space and 650,000 square feet of office space. The combination should create approximately 630 retail jobs and 1,500 commercial jobs.¹¹ By 2035, the full build-out of the MPDs would increase the current jobs-to-housing ratio of about one job per three households to nearly one job per two households. While Black Diamond is not projected to be an employment center, the enlarged jobs-to-housing ratio means more opportunity for people to live near where they work, if Black Diamond ensures the housing that is created will be affordable to those holding the new jobs.

⁷ 2018-2014 American Community Survey 5-year estimates.

⁸ 2017 Longitudinal Employer-Household Dynamics.

⁹ 2018-2014 American Community Survey 5-year Estimates.

¹⁰ 2018 Black Diamond Comprehensive Plan.

¹¹ Lawson Hills MPD Fiscal Analysis, 2009; The Villages MPD Fiscal Analysis, 2009.

EXISTING HOUSING PROFILE

Occupancy

Table 3. Black Diamond and King County, Housing Occupancy, 2018

	2018 ACS 5-year Estimates	
	Black Diamond	King County
HOUSING OCCUPANCY		
Total housing units	1,802	917,904
Occupied housing units	1,709	865,627
Vacant housing units	93	52,277
Homeowner vacancy rate	1.8%	0.9%
Rental vacancy rate	9.2%	3.0%

In 2018, King County's housing vacancy rates were very low, with a homeowner vacancy rate of 0.9% and a rental vacancy rate of 3%. The homeowner vacancy rate in Black Diamond is slightly higher at 18%, but the rental vacancy rate is much higher at 9.2%. These rates are considered to be healthy rates, but Black Diamond should monitor the rental vacancy rate closely if it continues to rise.

Housing Types and Supply

Black Diamond's housing supply, as of 2018, was 90% single-family and 10% mobile homes. King County's housing stock is more diverse, with 59% single-family, 33% apartments, and 6% considered to be either duplexes, triplexes or 4-plexes. While Black Diamond clearly lacked diversity in housing types in 2018, the City's housing stock has changed quite drastically since this data was collected. While the two MPDs mentioned earlier in the report have not increased the housing stock in Black Diamond substantially, they have also diversified housing stock.

The table below shows the anticipated number of units broken down into single-family and multifamily for each MPD. Note that multifamily uses include apartments, stacked flats, and townhomes. The table also shows the anticipated number of units that will be built per year while each MPD is in development.¹²

Table 4. Black Diamond Master Planned Developments Summary

Master Planned Development	Projected Units		
	Single-family	Multifamily	Total
Lawson Hills	930	320	1,250
Anticipated units per year	+/- 117	+/- 40	+/- 157
The Villages	3,600	1,200	4,800
Anticipated units per year	+/- 240	+/- 80	+/- 320
Total Units	4,530	1,520	6,050

Source: Lawson Hills MPD Fiscal Analysis, 2009; The Villages MPD Fiscal Analysis, 2009.

¹² Lawson Hills MPD Fiscal Analysis, 2009; The Villages MPD Fiscal Analysis, 2009.

EXISTING HOUSING PROFILE

As discussed previously, essentially all housing in Black Diamond is single-family residential. This is far different from King County, where 33% of the housing is apartment units in buildings with five or more units. The 1,520 multifamily units, which comprises 25% of all units projected to be built in the two MPDs, will add much needed diversity to Black Diamond's housing stock. Diversity in housing supply is crucial for providing opportunities to meet the varying housing needs of the growing population.

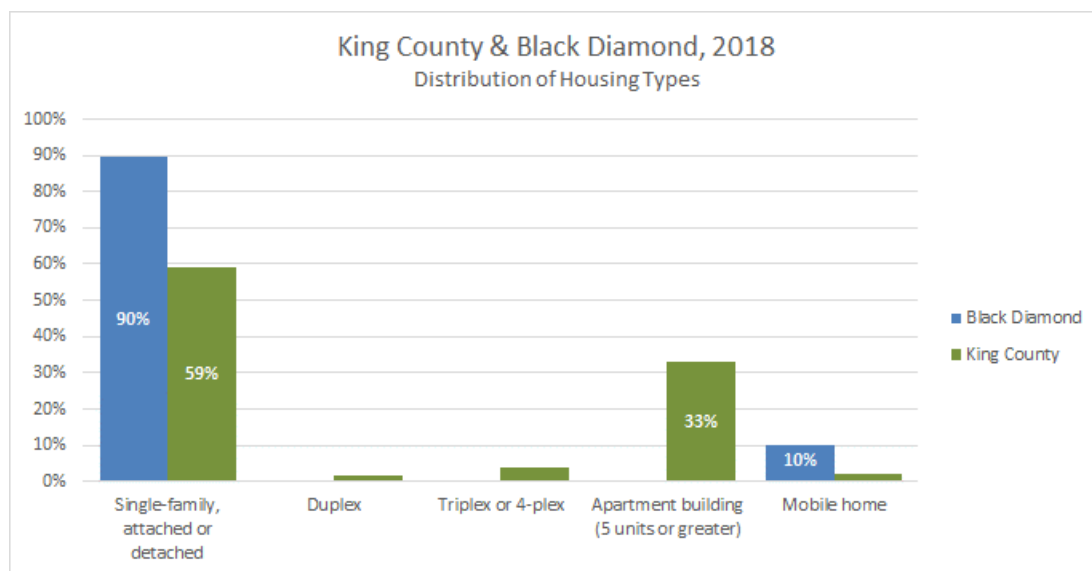


Figure 19 Source: 2018-2014 ACS 5-year Estimates

The table below shows the distribution of number of bedrooms. The overwhelming majority of Black Diamond's housing units contain two or more bedrooms, with 57% being two or three bedroom units and 38% having 4 or more bedrooms. Again, King County has a more diverse housing supply in relation to bedroom count as well, with 53% of units containing 2 or 3 bedrooms, 25% containing 4 or more bedrooms, 16% of units having one bedroom, and 6% of units having no formal bedroom at all. Overall, one-bedroom and no bedroom units represent the smallest share of the housing stock in both Black Diamond and King County. Both jurisdictions showing high percentages in units containing two or more bedrooms is consistent with the distribution of housing types discussed above, as single-family units are the dominate housing type in both King County and Black Diamond. Factoring that Black Diamond's average household size was 2.59 as of 2018, and 57% of the housing units contain two or three bedrooms and 38% contain four or more bedrooms, there is likely higher demand for newer units to have fewer bedrooms. This idea is explored later in the document when discussing the affordability of housing in Black Diamond.

Table 5. Percent Housing Units by Bedrooms, Black Diamond and King County (2018)

	Black Diamond	King County
No bedroom	2%	6%
1 bedroom	4%	16%
2 or 3 bedrooms	57%	53%
4 or more bedrooms	38%	25%

Source: 2018-2014 ACS 5-year Estimates

EXISTING HOUSING PROFILE

As with other data categories in this report, the distribution of housing types is further broken down by housing tenure to understand whether the percent of units discussed above are occupied by renters or owners. Because single-family housing is by far the dominate unit type in Black Diamond, the table below offers no surprises that whether renting or owning, the resident lives in a single-family dwelling unit. The housing options in Black Diamond are primarily limited to single-family, attached or detached, or a mobile home for both renters and homeowners. There is a total lack of what is commonly referred to as the “missing middle” unit types in Black Diamond as of 2018. However, as discussed earlier, with the approval and ongoing implementation of the two MPDs, the diversity in the housing stock will shift in the coming years. The table also shows that the lack of diversity is likely an issue jurisdictions are facing across King County, based on the low combined percentage of duplexes, triplexes, and 4-plexes within all occupied housing units.

Table 6. Type Distribution of Occupied Housing Stock by Tenure, Black Diamond and King County (2018)

	Renter-occupied		Owner-occupied		Occupied Housing Units	
	Black Diamond	King County	Black Diamond	King County	Black Diamond	King County
Single-family, attached or detached	71%	22%	93%	87%	90%	59%
Duplex	0%	3%	0%	1%	0%	2%
Triplex or 4-plex	4%	8%	0%	1%	1%	4%
Apartment building (5 units or greater)	0%	66%	0%	9%	0%	33%
Mobile home	25%	1%	7%	3%	10%	2%

Source: 2018-2014 ACS 5-year Estimates

After studying Black Diamond’s housing stock, it is a worthwhile exercise to revisit the cost-burdened household data broken down by housing tenure again to understand if the housing stock Black Diamond is serving its households adequately. With 30% of all Black Diamond households considered to be cost-burdened, a lack of diversity in the housing stock could be putting pressure on households to rent or purchase a home outside of their budget. While only 15% of Black Diamond’s households rent their home, 43% of them are cost-burdened which indicates the dominant single-family unit type may not be meeting the needs of the households that rent. A wider variety of rental options could provide households will more opportunity to spend less on their housing, while still meeting their needs. Even though renters are more likely affected by the lack of diversity in housing type, households that own their home in Black Diamond are cost-burdened as well. In fact, a quarter of households that own are cost-burdened, demonstrating the existing housing stock may not be sufficient for their needs either. With 78% of the housing units in Black Diamond having two or more bedrooms, a need for more affordable, smaller homes in the one to two-bedroom range, such as units within duplexes or triplexes, may exist.

EXISTING HOUSING PROFILE

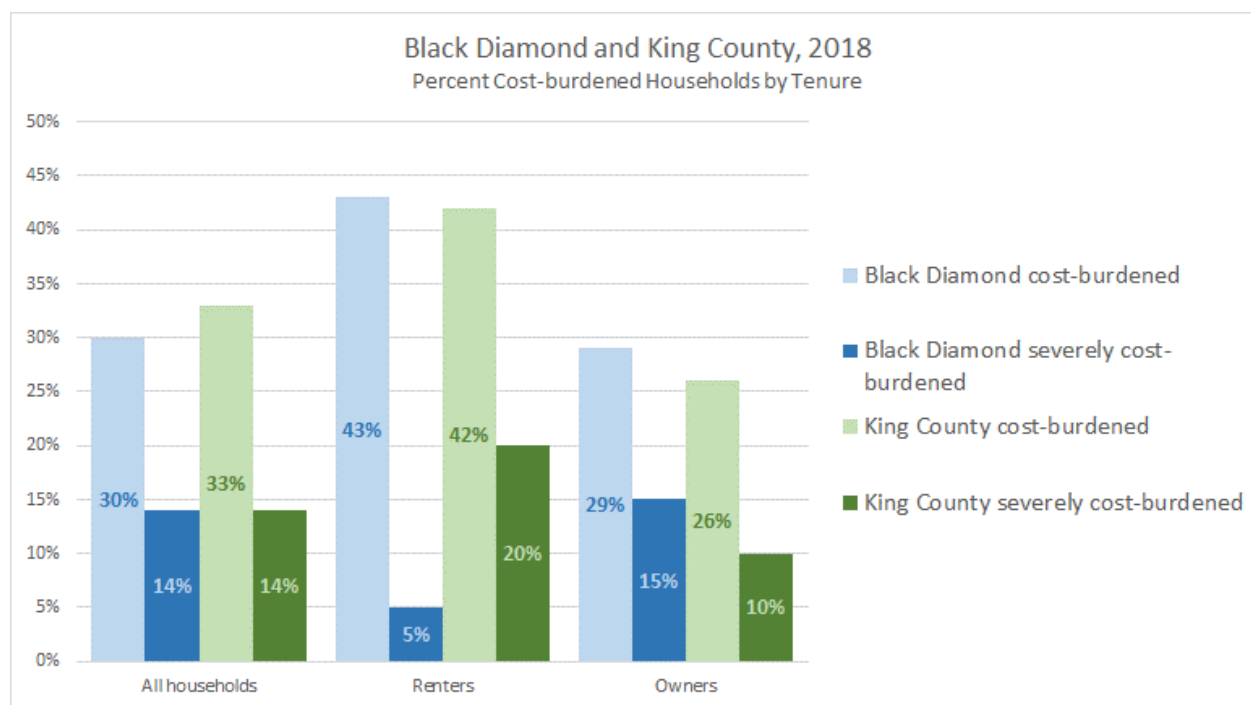


Figure 20 Source: 2016 CHAS Data (extrapolated to 2018)

Home Values and Rent Prices

As of 2018, King County's median rent had increased 97% since 2000, with a nearly 50% increase since 2010. Black Diamond's median rent has actually declined relative to 2000, due to a 44% drop in median rent between 2000 and 2010. Since 2010, median rent in Black Diamond has seen a 35% increase to \$822 a month, but still \$672 less than King County.

Both King County and Black Diamond's median home values have more than doubled since 2000, with King County having 118% growth and Black Diamond having 119% growth. While most of that growth occurred between 2000 and 2010, both the City and the County median home values have continued to grow since 2010 into 2018. As of 2018, King County's median home value was \$494,000, a 21% increase since 2010, and Black Diamond's median home value was \$400,000, representing a 25% since 2010. Overall, while King County's median home value in 2018 was \$94,000 more than Black Diamond's, the City's median home value has grown at a faster rate than King County.

EXISTING HOUSING PROFILE

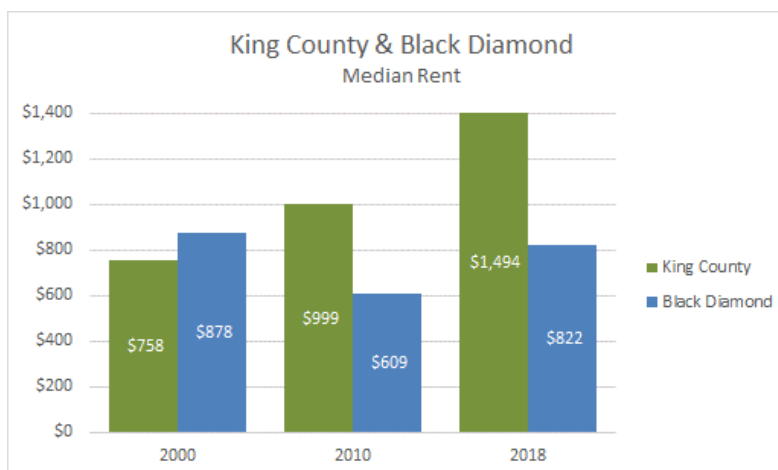


Figure 21 Source: 2000 Census; 2010 – 2006 ACS 5-year estimates; 2018-2014 ACS 5-year Estimates

Housing voucher subsidies from HUD are capped based on Fair Market Rents that are estimated each year within metro areas. Black Diamond falls within the Seattle-Bellevue, WA FMR area. With Seattle and the rest of King County experiencing substantial growth, which has dramatically increased the cost of housing in cities like Seattle and Bellevue over the last 10 years, the standards for HUD’s fair market rents do not reflect that of Black Diamond.

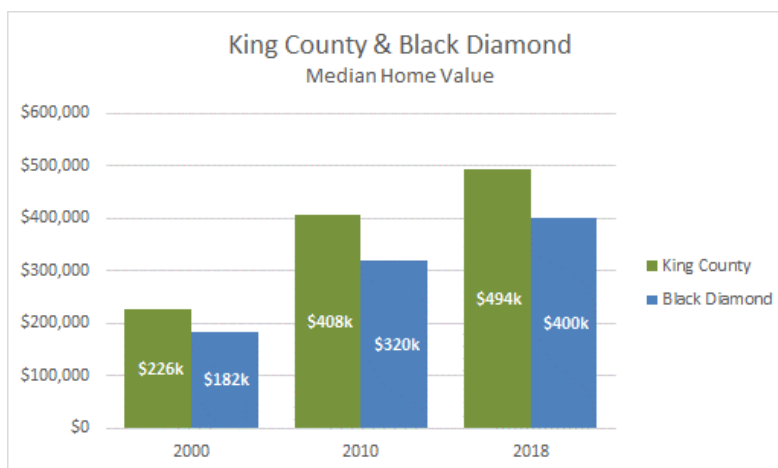


Figure 22 Source: 2000 Census; 2010 – 2006 ACS 5-year estimates; 2018-2014 ACS 5-year Estimates

Figure 23 shows the discrepancies between the City and the County’s median rents, but it also shows the major discrepancy between how HUD’s FMRs for Black Diamond and Black Diamond’s median gross rents. 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 for these unit types may be causing households to spend more money of their housing costs than their budget allows. However, in the case of Black Diamond, this discrepancy may actually benefit residents participating in housing voucher programs. Since Black Diamond’s rents are much lower than the HUD FMR, which determines subsidy caps, participants in Black Diamond may have greater access to more expensive housing options located in areas of high opportunity.

EXISTING HOUSING PROFILE

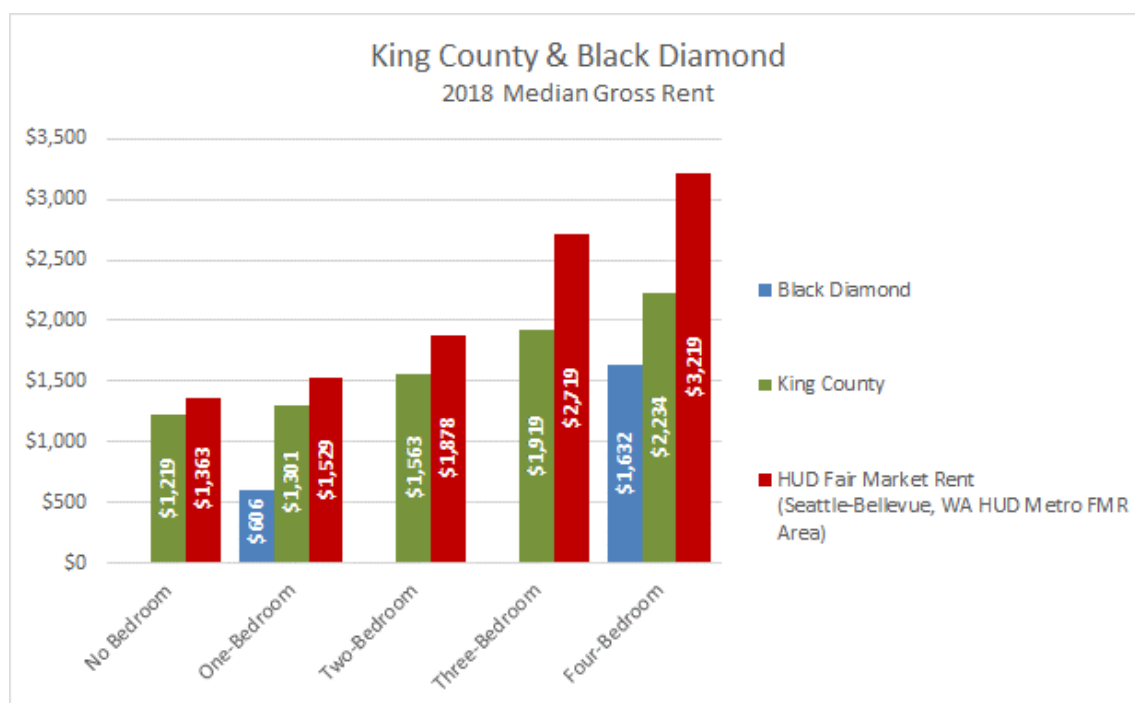


Figure 23 Source: 2018-2014 ACS 5-year Estimates; 2018 HUD Fair Market Rents

The report thus far has evaluated changes in income, rent and home value in Black Diamond and across King County separately, but in understanding affordability it's important to look at changes across these datasets together. Generally, to maintain affordability, a jurisdiction would want to see income levels change in tandem with housing costs. In King County, both rent and home values have risen much faster than income, negatively affecting affordability. Black Diamond has experienced similar disproportionate changes to income and home value, but the City actually experienced a 6% decrease in median rent between 2000 and 2018. However, as previously discussed, Black Diamond's median rent did increase in the span 2010 to 2018 by 35% after experiencing a drastic dip between 2000-2010. The changes in median rent in Black Diamond are not entirely surprising due to the overall lack of rental units and competition for rentals units in the City. Only 15% of households in Black Diamond are renters, and the City has a 9% rental vacancy rate as of 2018. Regardless, the fact that the City experienced only a 41% rise in median household income relative to the 120% increase in home value between 2000 and 2018 is concerning. Strategies aimed at addressing this issue will be a priority within the Housing Action Plan.

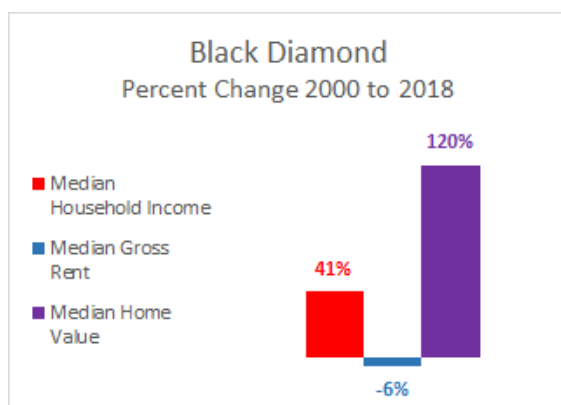


Figure 24 Source: 2000 Census; 2010 – 2006 ACS 5-year estimates; 2018-2014 ACS 5-year Estimates

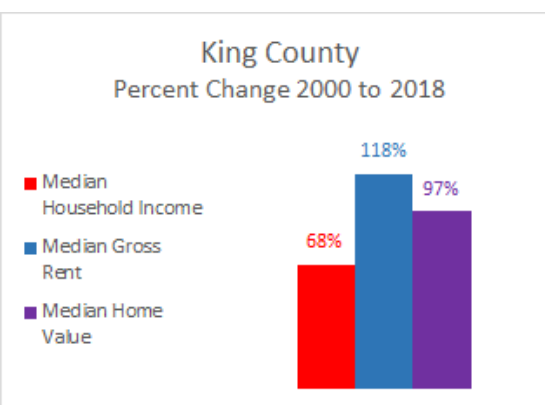


Figure 25 Source: 2000 Census; 2010 – 2006 ACS 5-year estimates; 2018-2014 ACS 5-year Estimates

EXISTING HOUSING PROFILE

Figures 24 and 25 show the trend in rise in monthly housing costs versus rise in median income 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 quite as drastically, as shown with the 5% rise in median mortgage in Black Diamond 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 Black Diamond, and the gap has narrowed to only a 6% difference in King County.

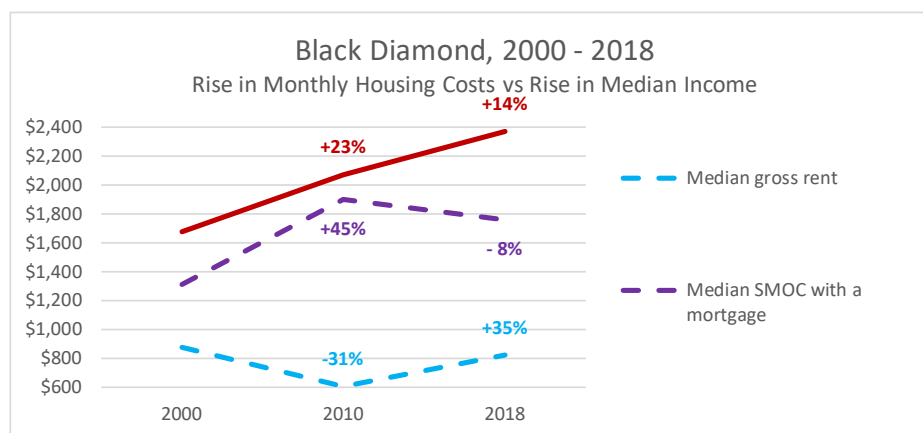


Figure 26 Source: 2018-2014 ACS 5-year Estimates; 2018 HUD Fair Market Rents

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.

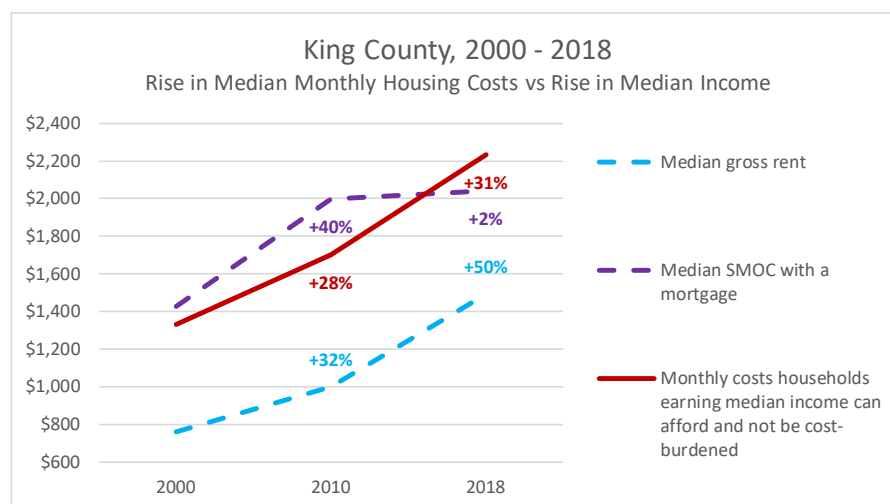


Figure 27 Source: 2018-2014 ACS 5-year Estimates; 2018 HUD Fair Market Rents

EXISTING HOUSING PROFILE

Development Patterns

The charts below show net newly permitted units between 2010 and 2019 for Black Diamond and King County. From 2010 through 2017, Black Diamond saw very few permitted units each year, and all newly permitted units were single-family. When the two MPDs began implementation in 2018, the City permitted a 125 net addition of units, four of them being multifamily units in the form of two duplexes. In 2019, the net addition of permitted units doubled to 251 units comprised of 212 single-family and 41 multifamily units. Again, this surge in units was due to the continued implementation of the two MPDs. The number of permitted units each year is expected to continue growing until the MPDs reach full buildout. Within Lawson Hills, there is projected to be 930 single-family units and 320 multifamily units. The Villages will have 3,600 single-family units and 1,200 multifamily units.¹³

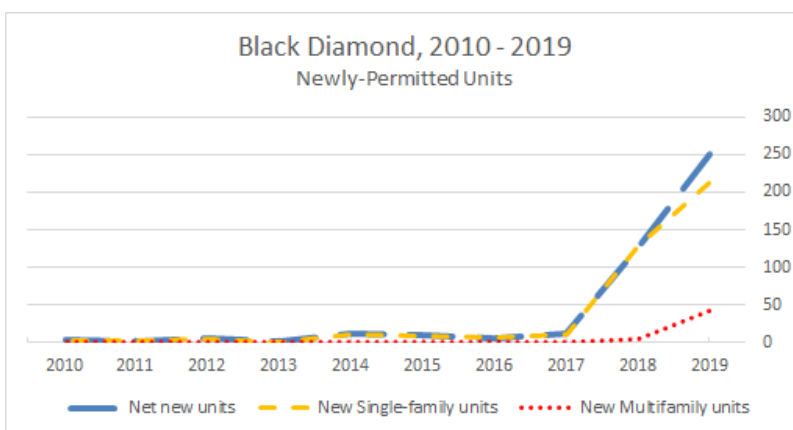


Figure 28 Source: PSRC Residential Building Permit Summaries 2010-2018

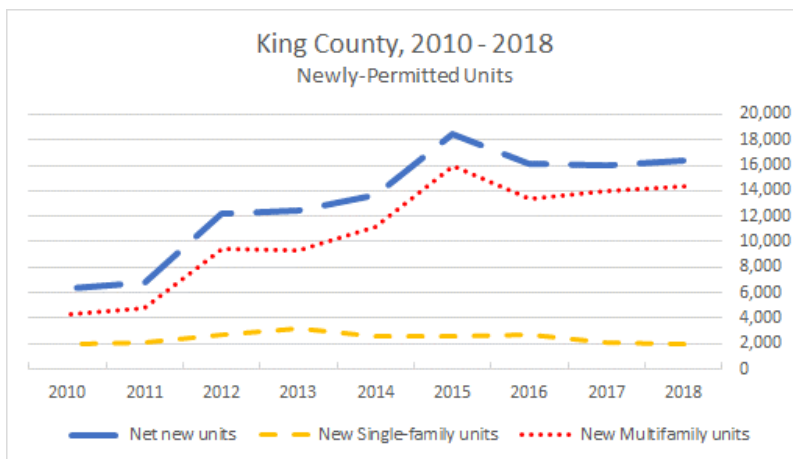


Figure 29 Source: PSRC Residential Building Permit Summaries 2010-2017; City of Black Diamond Permitting Data 2018-2019

The available data for newly permitted units at the County level is limited to 2018, so residential growth for 2019 is unknown at this time. Nevertheless, King County's available data clearly shows that the County has experienced a tremendous amount of growth in multifamily units between 2000 and 2018. Single-family growth remained relatively steady from 2010 and 2018.

¹³ Lawson Hills MPD Fiscal Analysis, 2009; The Villages MPD Fiscal Analysis, 2009.

EXISTING HOUSING PROFILE

Affordable Housing Stock

Black Diamond has one residential development that has dedicated affordable housing. It is a manufactured home park called *Rainier View* and is owned by King County Housing Authority. It is reserved for low-income seniors (age 55+). It offers both home ownership and rental opportunities. The units are sold at affordable prices to qualifying individuals, and Section 8 vouchers are accepted for the rental of the lots. As of late 2020, there are no homes for sale or lots for rent, but the waiting list is open.¹⁴ It is likely there is naturally occurring affordable housing—existing housing that is currently affordable for lower income homeowners and renters— in Black Diamond, but there is no inventory of where it exists.

¹⁴ King County Housing Authority website, 2020.

HOUSING AFFORDABILITY

Rental Costs

Black Diamond's housing stock is primarily made up of single-family homes that are owner-occupied. Even though there are so few rental units in the City, it is important to consider if those units are affordable to those renting in Black Diamond. The table below shows the number of units available at varying rent prices organized by number of bedrooms. This is helpful in understanding the types of units available within certain price points.

Table 7. Renter-Occupied Units by Rent and Unit Size, Black Diamond (2018)

	No bedroom	%	1 bedroom	%	2 bedroom	%	3+ bedrooms	%
Less than \$300	-	0%	0	0%	-	0%	0	0%
\$300 to \$499	-	0%	10	17%	-	0%	0	0%
\$500 to \$749	28	100%	30	51%	-	0%	23	27%
\$750 to \$999	-	0%	0	0%	36	54%	0	0%
\$1,000 to \$1,499	-	0%	19	32%	10	15%	15	17%
\$1,500 or more	-	0%	0	0%	21	31%	48	56%

Source: 2018-2014 ACS 5-year estimates

The table below shows the percent of households in Black Diamond that can afford rental units and not be cost-burdened. Overall, to afford the median gross rent in Black Diamond, a person would need to earn \$15.81 an hour, earning \$32,880 per year. However, a minimum wage earner would need to work 55 hours per week in order to earn enough to afford the median gross rent in Black Diamond. Eighty-six percent of Black Diamond's households could afford the median gross rent and not be cost-burdened. One-bedroom rental units are the most affordable, with 92% of households able to afford these units, working 41 hours per week at minimum wage. 66% of the City's households could afford rent for a 4-bedroom unit if they earned \$31.38 an hour. However, a 4-bedroom unit is only affordable to a minimum wage earner if they worked 190 hours per week. Diversifying rental options would allow the rentals units to become more affordable to more households in Black Diamond, especially those earning the minimum wage.

Table 8. Median Rent by Unit Size and Minimum Income Required to not be Cost-burdened, Black Diamond, 2018

	Minimum Income Required			% of Households that Could Afford This and not be Cost-Burdened
	Per year	Per Hour	Hours Per Week at 2018 Minimum Wage	
Median gross rent	\$32,880	\$15.81	55	86%
No bedroom	-	-	-	-
1 bedroom	\$24,240	\$11.65	41	92%
2 bedrooms	-	-	-	-
3 bedrooms	-	-	-	-
4 bedrooms	\$65,280	\$31.38	109	66%

Source: 2018-2014 ACS 5-year estimates

The table below displays the affordability distribution of median rents in Black Diamond by number of bedrooms. In this table, "No" means no household (after being 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 (after being adjusted for household size) within that income level can afford the median gross rent for the size. Overall, Black Diamond's rental housing is affordable to all households earning above 50% of the AMI. Since Black Diamond lacks rental units overall, there is a large gap when looking at bedroom counts. Typically, housing becomes less affordable or unaffordable to households earning below 50%, as bedroom count rises. Even though we do not have data for 2 and 3

HOUSING AFFORDABILITY

bedrooms units, we can see that the 4 bedroom rental units in Black Diamond become unaffordable to very low- to extremely low-income households.

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

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

Home-Ownership Costs

The median sale price of a home in Black Diamond increased by \$160,000 between 2015 and 2019, representing a 55% increase in just four years. The table below also shows what the minimum income required would be to afford the monthly ownership costs and how many hours per week a household earning minimum wage would have to work each week to afford the median home price. For households earning a minimum wage, the cost of ownership is clearly out of reach.

Table 10. Home Sale Affordability, Black Diamond, 2015 - 2019

	Median Sale Price	Minimum Income Required		
		Per Year	Per Hour	Hours/Week at Minimum Wage for that Year
2015	\$290,000	\$58,980	\$28.36	120
2016	\$359,000	\$73,034	\$35.11	148
2017	\$440,000	\$89,520	\$43.04	157
2018	\$389,000	\$79,134	\$38.05	132
2019	\$450,000	\$91,540	\$44.01	147

Source: King 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.¹⁵

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.¹⁶ Because the data is only available at the census tract level and not at the city level (Place

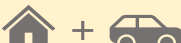
¹⁵ HUD Exchange Location Affordability Index.

¹⁶ HUD Exchange Location Affordability Index.

HOUSING AFFORDABILITY

Table 11. Black Diamond, HUD Location Affordability Index

HUD Location Affordability Index Version 3 (Released in March 2019 but based on 2016-2012 ACS Data)

HOUSEHOLD PROFILE	% OF AMI	NUMBER OF PEOPLE	NUMBER OF COMMUTERS	% OF INCOME SPENT ON		
						
Median-Income Family	100%			51%	26%	26%
Very Low-Income Individual	National Poverty Level*			124%	43%	81%
Working Individual	50%			60%	28%	32%
Single Professional	135%			33%	19%	14%
Retired Couple	80%		—	52%	34%	18%
Single-Parent Family	50%			73%	37%	36%
Moderate-Income Family	80%			55%	31%	24%
Dual-Professional Family	150%			40%	22%	17%

* \$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

in census terms) like most other data in this report, the numbers shown in Table 11 represent the average percentages of the census tracts that compose Black Diamond. Of the eight household profiles, four are considered to be cost-burdened, spending more than 30% of their income on housing costs. Black Diamond's affordability is further compromised when looking at how much households spend on their transportation costs as well. Of the eight household profiles, six spend more than 45% of their household income on housing and transportation costs, the maximum households *should* spend on housing and transportation costs combined. If this maximum is exceeded, HUD deems the location as unaffordable for the household profile. Very low-income earners spend 81% of their income on transportation costs, bringing their total income spent on housing and transportation to 124%. This indicates that resources and employment opportunities for these households that live in Black Diamond may not exist there, causing them to travel longer distances to access them.

The LAI highlights how important accessibility to work and amenities are when evaluating a city's affordability. 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. Black Diamond will need to focus on how to create more of a balance for all households when looking at housing and transportation costs combined.

HOUSING NEEDS

After incorporating the additional units expected from the MPDs, Black Diamond is expected to have 7,674 housing units by 2035. The vast majority of those units will come from the MPDs, which expect full buildout by 2026. Even though none of the units built within the MPDs have been designated as affordable units, they will represent more diverse housing types than Black Diamond has seen in the past, with 25% being multifamily attached units.

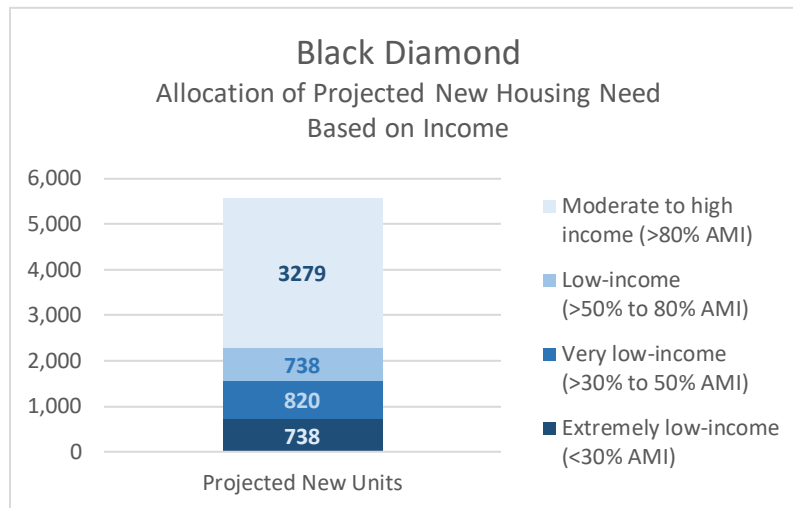


Figure 30 Source: 2016 CHAS Data (projected to 2018); City of Black Diamond Permitting Data

The chart below shows how the remaining 5,558 housing units should be broken down to meet the affordability needs of Black Diamond’s households, assuming the City’s current mix of incomes remains constant. Approximately 2,296 units will need to serve households earning less than 80% of the AMI. It will be important for the City to monitor the different data in this report for significant changes once the MPDs reach full buildout in order to fully understand their impacts on the community’s affordability.

NEXT STEPS

Black Diamond's median household income has increased by \$32,000 since 2000, reaching \$95,000 as of 2018. While Black Diamond has maintained a much higher median income than King County overall since 2000, the difference became much smaller between 2010 and 2018. This change could be accounted for by the fact that King County experienced significant growth, particularly in cities like Seattle and Bellevue, that brought in high-paying tech jobs that likely raised the County's median income. While Black Diamond maintains a high median income, 41% of its households are still considered to be low-income. Since 2010, Black Diamond has seen a rise in both very low- and extremely low-income populations and an overall decrease in moderate to high income earners. With the City experiencing dramatic growth due to the implementation of the two MPDs, it will be important to monitor how Black Diamond's income distribution changes once buildout is complete and residents are occupying the new homes.

Almost one-third of households in Black Diamond are cost-burdened, spending 30% or more of their household income on housing costs. High housing costs disproportionately affect renters in Black Diamond, with 43% of renters being cost-burdened and 5% being extremely cost-burdened. High proportions of Black Diamond's low-income earners are cost-burdened, especially extremely low-income earners, with 47% of those households being cost-burdened. In reviewing housing tenure, Black Diamond renters in almost all income brackets, with the exception of very low-income households (31-50% AMI) are more likely to be cost-burdened than owners. When developing the housing action plan, the City will need to focus on stabilizing housing costs for the lowest income earners, especially low-income renters.

It was also important to observe how the City's population has been aging. Growth among Black Diamond's residents within the 50-59, 60-69, and 70-79 cohorts was observed. As the City's population seems likely to age in place in observing past trends, 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.

Black Diamond has a low jobs-to-housing ratio at 0.33, meaning that most residents likely commute to their job outside of the City. In addition to a lack of jobs *in* Black Diamond, it also appears there is a lack of employment opportunity near the City as well, with 57% of residents reporting commute times of 30 minutes or more and 20% of residents reporting 60 minutes or more. With transportation costs being the next largest household expense, second to housing costs, Black Diamond's affordability could be further compromised if there continues to be a lack of jobs for its residents. The two MPDs are expected to bring in over 2,000 new jobs through the development of new office and commercial space, a substantial increase. Moving forward, it will be important for the City to continue contemplating job opportunities in tandem with residential development to better balance the jobs-to-housing ratio.

Black Diamond's housing supply lacks diversity, with 90% of units being single-family residences and 10% being mobile homes. The vast majority of units in Black Diamond contain 2 or more bedrooms, with 38% having four or more bedrooms. With an average household size of 2.59 as of 2018 and considering that one-third of households are cost-burdened, there is likely a need for units with fewer bedrooms. The distribution of housing types will diversify significantly once the MPDs are complete, adding over 1,500 new multi-family units. While this is a big step for Black Diamond, the MPDs are also adding over 4,500 new single-family units as well. The City will need to prioritize strategies to continue diversifying the housing stock.

Black Diamond has disproportionately high transportation costs, an important factor that needs to be addressed if the City is looking at affordability from a wholistic standpoint. Introducing more public transit options and increasing employment opportunities by creating commercial centers, are some of the measures that could lead to lower transportation costs for Black Diamond residents.

HOUSING ELEMENT EVALUATION

The City of Black Diamond Comprehensive Plan Housing Element evaluation that follows is an assessment of the housing policies formed during the 2018 Comprehensive Plan Update that received a conditional certification from the Puget Sound Regional Council (PSRC) as of January 2020. The purpose of this evaluation is to analyze the effectiveness of Black Diamond's current housing policies by understanding the effect they have had on housing development from their adoption by City Council on May 2, 2019 through the end of 2020. Numbers are based on available building permit data from PSRC for 2017 and data from the City of Black Diamond for 2018-2019.

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
H Goal 1 Ensure adequate housing for all current and future residents of Black Diamond by achieving and maintaining quality housing and neighborhoods.			
Policy H-1 Promote a variety of residential densities and housing types.	The City permitted no multi-family units in 2017. But between 2018 and 2019, 45 new multi-family units were permitted.	The two MPDs are largely responsible for all multi-family units built.	Utilize the Housing Action Plan to explore how the City could diversify housing densities and types in areas outside of the MPDs so heavy concentration of housing types is avoided and the diversity is spread throughout the City more evenly.
Policy H-2 Encourage the preservation of existing housing stock and development standards that minimize housing costs.	14 homes were demoed between 2018 and 2019 and half of them were mobile homes.	Most new development in Black Diamond has occurred within the MPDs on vacant land, making existing housing stock less vulnerable during times of development.	Now that the MPDs are being implemented, it will become important to reinforce the existing housing stock through exploring appropriate and timely policy interventions that promote preservation.
Policy H-3 Provide a balance of dwelling unit types, residential densities, and prices within the City.	Since 2018, the City has seen significant and unprecedented growth in multi-family units.	MPDs approved in 2011 will eventually add over 6,000 housing units of varying typologies including duplexes and apartments.	Continue allowing more diverse types of residential units in the City, but focus on fostering their development outside of only MPDs.
Policy H-4 Provide flexibility in zoning and subdivision regulations to encourage a diversity of owner and rental housing types to ensure capacity to accommodate growth. A diversity of types and styles should include attached and detached units.	Between 2018 and 2019, the City permitted 45 attached units and over 300 detached residential units. One ADU was also permitted.	Over 85% of these new units were within the MPDs.	While accommodating growth in the short-term is not a concern for Black Diamond, the City should shift focus to evaluating other areas of the City that will be appropriate for differing unit types when the time comes.

HOUSING ELEMENT EVALUATION

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
Policy H-5 Coordinate with PSRC and appropriate agencies to achieve goals of the Regional Housing Strategy.	No coordination with varying agencies has taken place. This will be an area of focus when developing and executing goals and policies created within the HAP.	The need to realign growth targets that factor in full buildout of the MPDs.	The City has recently coordinated with PSRC on the 2018 Comp Plan Update and conditional certification fostering a working relationship that should continue beyond the Comp Plan certification. The City should also continue to engage with King County and neighboring cities to align growth targets.
Policy H-6 Adhere the same regulations to pre-manufactured and site-built structures.	Black Diamond Municipal Code was updated to comply with Washington State law, regarding manufactured housing – see BMC 18.90.	Compliance with WA State Law	Monitor development patterns of manufactured housing. Engage with manufactured housing developers to understand the code's strengths and weaknesses regarding implementation.
Policy H-7 Encourage the preservation and maintenance of existing housing to ensure that such housing is safe and livable.	14 residential units were demoed between 2018 and 2019. 7 were mobile home units.		10% of the City's housing stock are mobile home units. Half of the housing units demoed in 2019 were mobile homes, it may be worthwhile to explore better ways in which the City can help preserve these units.
Policy H-8 Promote housing affordability in coordination with transportation options, such as transit, bicycle, and pedestrian plans in proximity to transit hubs and corridors and planning for mixed uses in transit station areas.	No initiatives have been made here.	Black Diamond lacks transportation options overall, perhaps due to a lack of pressing need prior to the MPDs being implemented.	This should be prioritized moving forward as the MPDs are implemented and the city's population needs shift.
Policy H-9 Monitor housing supply, type, and affordability to maintain diversity and affordability.	Of the units planned in both MPDs, which accounts for almost all of Black Diamond's recent growth, none of the units have been designated as affordable.	While the units within the MPDs are more diverse than the existing Black Diamond housing stock, development agreements associated with the MPDs did not outline provisions for any truly affordable units.	Implement policy provisions such as inclusionary zoning, MFTE, or density bonuses in exchange for affordable units so as to mandate or incentivize the development of more affordable units in the future.

HOUSING ELEMENT EVALUATION

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
Policy H-10 Promote mixed-use residential/ commercial development in designated Town Center, Neighborhood Center, and Community Commercial areas.	Not much development has occurred in these zones. The community has experienced a major change with the implementation of the MPDs causing major concerns about new development.	Community concern over too much growth.	Help balance growth and economic development within the City. Help education community members on the benefits of thriving commercial areas where people can live, work, and play.
H Goal 2 Encourage the availability of a wide range of affordable housing to meet the needs of households with varying economic status.			
Policy H-11 Work with King County, other local governments and appropriate agencies and programs to maintain the City's "fair-share" of affordable housing and provide affordable homeownership opportunities for very low, low, moderate, and middle income households.	As previously discussed in the above policy evaluations above, while the City has experienced an influx of residential development due to the MPDs, none of those units have been deemed affordable.	Lack of long-range planning/coordination with relevant jurisdictions regarding housing; affordable housing provisions were not included in MPD development agreement.	As previously discussed above, the City, as part of the comprehensive plan conditional certification has started working more closely with PSRC, King County, and adjacent cities to better understand growth targets in the coming years. The City should continue this effort.
Policy H-12 Eliminate unnecessary or excessive requirements that create barriers to affordable housing. This may include any excessive requirements regarding siting and operating special needs housing.	No regulatory streamlining that has taken place.	Black Diamond has seen relatively little development until the MPDs, so streamlining permit processes was likely not a priority for the City. However, with increasing growth the time to evaluate processes is more appropriate now.	Streamline permit processes and consider moving some uses, particularly related to special needs housing, from "conditional" to "permitted" within certain zoning districts.
Policy H-13 Coordinate with appropriate agencies to provide programs and services to needy households, special needs populations, and the homeless	No coordination with appropriate agencies has taken place.		Foster partnerships with the County and speciality organizations that work with populations with special needs and further identify and begin coordinating with the intention of addressing needs on a larger scale.
Policy H-14 Promote affordable housing in close proximity to employment, services, amenities, and multi-modal transportation opportunities .	No affordable housing has been promoted in the City.	Most of Black Diamond's growth has occurred within the MPDs.	Now that the MPDs are being implemented, the City should focus on where else in the City growth may occur during the next planning period. The City should prioritize affordable housing to be located near all employment, services, amenities, and transit.

HOUSING ELEMENT EVALUATION

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
Policy H-15 The City should identify regulatory, financial, and physical barriers to the development of affordable housing strategies to overcome such barriers.	The City applied for and received grant funding through ES2HB 1923 to create a Housing Action Plan that will focus on housing affordability. Through this process the City will evaluate any barriers to affordable housing development that will exist.	The current Housing Element is particularly young and the City has been occupied with the implementation of the MPDs which has brought the light the need to focus on creating more affordable housing moving forward.	The City should continue focusing on affordability throughout the development of the Black Diamond Housing Action Plan. Once the plan is complete, the City should take appropriate steps to eliminate any barriers identified.
Policy H-16 The City should consider inclusionary zoning tools which require developers to include a certain percentage of affordable housing in each development.	The City has not implemented any inclusionary zoning tools. However, as stated previously, the City will consider these kinds of tools when developing the Housing Action Plan.	As previously mentioned, Black Diamond's current Housing Element was adopted in 2019 and is relatively young so it is a challenge to evaluate its performance at this point in time. Since the City has grown quite rapidly with the implementation of the MPDs, the City has now shifted focus to better understanding the impacts of such growth on affordability.	The City should evaluate the appropriateness of inclusionary zoning tools throughout the Housing Action Plan development.
Policy H-17 Collaborate with King County to monitor the supply of affordable housing. Amend local housing policies in this chapter to address results of monitoring efforts.	The City, as a result of the Comprehensive Plan Update conditional certification received from PSRC, has started coordinating with King County to better align housing goals.	The conditional certification and the implementation of the MPDs.	The City should continue their efforts to coordinate with King County on affordability strategies and amend policies within the municipal code and within this Housing Element as deemed appropriate.
Policy H-18 Preserve existing affordable housing units, where appropriate.	Black Diamond has one residential development that has dedicated affordable housing. It is a manufactured home park called <i>Rainier View</i> and is owned by King County Housing Authority.	Most development Black Diamond has experienced in recent years is from the MDPs which occurred on largely vacant land.	Since the City has experienced a tremendous amount of growth in such a short period of time, it will be critical to prioritize policy that will protect existing affordable housing units if the City continues to experience growth. Utilize the Housing Action Plan as an opportunity to explore appropriate strategies.
H Goal 3: Recognize the need for and support housing for special needs populations			

HOUSING ELEMENT EVALUATION

GOALS/POLICIES	OUTCOME	FACTORS	SUGGESTIONS
Policy H-23 Support development of emergency, transitional, and permanent supportive housing with appropriate services for people with special needs throughout the city and region.	No initiatives have been made regarding this policy.	This may be more of a pressing need now than it was in the past due to the influx of development happening.	Black Diamond should prioritize partnerships moving forward to take a regional approach on housing for low income and special needs populations.
Policy H-24 Support opportunities for older adults and people with disabilities to remain in the community as their housing needs change, by encouraging universal design or retrofitting homes for lifetime use.	The Black Diamond Community Center provides specialty services.		Expand services provided by the Community Center. Explore ways for local government to provide additional services or help better support the Community Center. Explore how development process could be streamlined to make it more approachable for all.
Policy H-25 Work with other jurisdictions and health and social service organizations to develop a coordinated, regional approach to homelessness.	The Black Diamond Community Center provides specialty services.		Continued coordination efforts with King County, adjacent cities, and PSRC on all housing issues. Identify and develop partnerships with local housing authorities and organizations that offer social services.

APPENDIX

APPENDIX A 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 SINGLE FAMILY HOME SALES

	2015	2016	2017	2018	2019
Median Sale Price	\$290,000	\$359,000	\$440,000	\$389,000	\$450,000
Average Sale Price	\$336,111	\$374,834	\$462,932	\$469,291	\$539,602
Number of Sales	35	22	13	21	22

Median Sale Price Home Affordability

	2015	2016	2017	2018	2019
Mortgage Amount	\$232,000	\$287,200	\$352,000	\$311,200	\$360,000
Interest Rate	3.87%	3.71%	4.03%	4.58%	4.05%

Total Monthly Payment Breakdown (Not Including Utilities)

“ Mortgage Payment					
(Principal + Interest)”	\$1,141	\$1,413	\$1,732	\$1,531	\$1,771
Taxes & Other Fees	\$242	\$299	\$367	\$324	\$375
Home Insurance	\$92	\$114	\$139	\$123	\$143
TOTAL	\$1,475	\$1,826	\$2,238	\$1,978	\$2,289

Minimum Annual Income to Afford	\$58,980	\$73,034	\$89,520	\$79,134	\$91,540
in 2019 Dollars	\$63,618	\$77,796	\$93,368	\$80,568	

First Quartile Sale Price Home Affordability

	2015	2016	2017	2018	2019
Mortgage Amount	\$118,991	\$225,430	\$280,000	\$218,480	\$239,940
Interest Rate	3.87%	3.71%	4.03%	4.58%	4.05%

Total Monthly Payment Breakdown (Not Including Utilities)

“ Mortgage Payment					
(Principal + Interest)”	\$585	\$1,109	\$1,377	\$1,075	\$1,180
Taxes & Other Fees	\$124	\$235	\$292	\$228	\$250
Home Insurance	\$47	\$89	\$111	\$86	\$95
TOTAL	\$756	\$1,433	\$1,780	\$1,389	\$1,525

Minimum Annual Income to Afford	\$30,242	\$57,322	\$71,180	\$55,563	\$60,997
in 2019 Dollars	\$32,620	\$61,060	\$74,240	\$56,570	

APPENDIX C 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 HAMFI¹. Based on this, the household size adjustment factors for estimating affordability based on number of bedrooms is shown in Table XX.

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 XX 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 XX 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 1: 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

¹ HUD User CHAS Affordability Analysis.

APPENDIX C METHODOLOGY

Table 2. 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 King County Assessor, and single-family home sales in Black Diamond 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 King 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 King 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

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.