

Housing Appendix

Inventory and Analysis

Housing Stock

There is a total of 3,169 housing units in the City of Newcastle. Approximately 74 percent are single family units (Census 2000, see **Table HO-1** below). This ratio of single family to multifamily compares to King County figures showing that 57 percent of all King County housing units are single family homes. A compilation of 2000 Census data shows that 53 percent of all east King County housing units are single family homes.

Table HO-1: Newcastle Housing Units 2000

	Newcastle		King Co.	
	Number	Percent	Number	Percent
Single Family	2,347	74.0	423,328	57.0
Multi-family	789	25.0	298,832	40.3
Mobile Home	33	1.0	18,539	2.5
Boat, RV, Van, etc.	--	0.0	1,538	0.2
Total units	3,169	100.0	742,237	100.0
Source: QT-H1, General Housing Characteristics; and DP-4, Profile of Selected Housing Characteristics: U.S. Census Bureau, Census 2000				

Since incorporation in 1994, the City has had an increase of 512 housing units, with the majority of those units (62%) being single-family (**Table HO-2**).

Condition of Housing Stock

In January 2000, a survey of housing conditions in Newcastle was conducted by A Regional Coalition for Housing (ARCH) staff. This neighborhood survey generally characterized the condition of ownership and rental housing stock.

Older residential areas: According to the 2000 census, approximately 55 percent of Newcastle's housing stock was built before 1990. Two neighborhoods, both adjacent to Hazelwood Elementary School, contain much of this housing stock, characterized by 1950's – 1960's rambler and split-level designs situated on small lots. These neighborhoods are generally built-out and contain few vacant parcels. Some homes have signs of deferred maintenance on their exterior, but most of the homes appear to be fairly well maintained. Some homes in this area seem to have already undergone significant exterior rehabilitation, including upgrades in landscaping and other exterior aesthetic improvements.

Older homes that appear to have been built in the 1940's to 1960's are found in the neighborhood north of May Creek Park. This neighborhood contains numerous larger original parcels, intermixed with smaller platted areas, creating a patchwork of detached single family development. Most of the platted areas are generally older residential developments, characterized by small lots and rambler style or split level

homes. Newer homes built in the 1980's to 1990's are also located in this area. These newer homes tend to be larger in size, and two-story in height.

Newer residential areas: According to the 2000 Census, 45 percent of all housing in Newcastle was built between 1990 and 2000 while only 6 percent of the housing stock was built before 1960. The corresponding figures for King County are that 16.7 percent of the housing stock was built between 1990 and 2000, and 33.5 was constructed before 1960. These figures indicate that, compared to King County as a whole, housing in Newcastle is relatively new.

Newcastle's newer residential neighborhoods typically contain larger homes located on approximately 8,000 to 10,000 square foot lots. The newer homes are two to three stories in height. Most of the homes in these neighborhoods are well-maintained high end or custom homes.

Existing multifamily: The majority of the City's multifamily housing is located in six apartment complexes, all but one of which is located in the downtown area. All of the rental complexes appear to be less than 20 years old and in fairly good exterior condition. There does not appear to be any immediate need for substantial rehabilitation. Other smaller multifamily housing units exist throughout the City.

Permit Activity Compared to 1992 – 2012 Housing Targets: The King County Countywide Planning Policies, adopted in 1994 to implement the State Growth Management Act, set housing and employment "growth targets" for each city in the County. Each city's target is the amount of growth to be accommodated by a jurisdiction during the 20-year Growth Management planning period. These housing targets were expressed as a range of households for each jurisdiction to accommodate between 1992 and 2012. Newcastle's housing growth target for the 1992 – 2012 period was between 749 and 916 households, or an average annual increase of between 38 and 46 households.

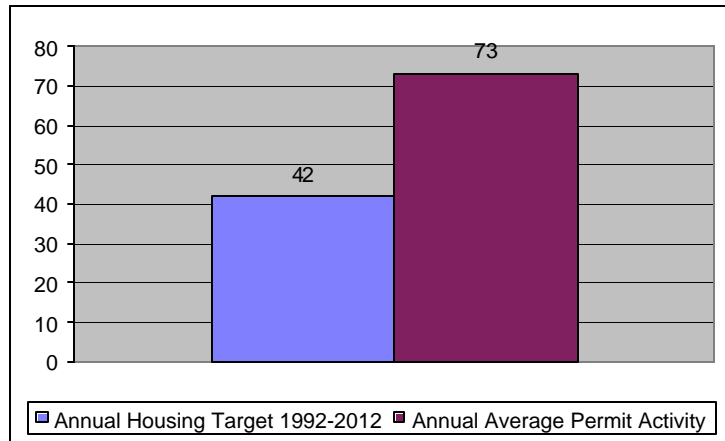
Table HO-2: Residential Unit Permit Activity, 1994 - 2001

	Single Family	Multifamily	Total
1994	13	--	13
1995	16	--	16
1996	68	--	68
1997	44	--	44
1998	50	--	50
1999	40	--	40
2000	86	195	281
2001	71	--	71
TOTAL	388	195	583

Source: 2002 King County Annual Growth Report (King County Office of Regional Policy and Planning building permit files)

Newcastle's permit activity for home construction shows that the City has been exceeding these annual average growth targets. Since incorporation in 1994, the City has been averaging about 73 permits (households) per year (see **Chart HO-1**). Combined with permit activity prior to incorporation, Newcastle has provided around 700 units towards its 1992 to 2012 target.

Chart HO-1: 1992-2012 Housing Targets Compared to 1994 – 2001 Housing Permit Activity



Note: Midpoint of the Annual Housing Target Range of 38-46 housing units has been used here for comparative purposes.
 Source: 2002 King County Annual Growth Report

2001 – 2022 Housing Targets: Every ten years, when new population forecasts are developed by the state, the Growth Management Planning Council (GMPC) updates the employment and housing targets for each city. The GMPC has recently adopted new employment and housing targets for the 2001 – 2022 period. These updated targets are shown in Table Ho-34. To achieve this new goal, the City will need to create approximately 40 new housing units annually. This updated growth target is comparable to the growth target the City had for the 1992 – 2012 period.

Table HO-3: GMPC Job Targets to Household Targets 2001-2022

	Job Target	Household Target	Job/Housing Ratio
Newcastle	500	863	0.6
East King County (cities)	93,890	40,844	2.3

Source: GMPC Amendments to the Countywide Planning Policies July 2002

Household Size

The average household size in Newcastle stabilized at 2.55 persons per household, down slightly from the 1990 average of 2.6. This household size is slightly larger than the countywide average of 2.4 persons per household (see **Table HO-4** below), and the east King County average of 2.43 persons per household.

Table HO-4: Average Household Size

	1980	1990	2000
Newcastle	2.8	2.6	2.55
King County	2.5	2.4	2.4
Note: Census data for Newcastle for 1980 and 1990 is from the Newport Hills Census Designated Place and includes a larger area than the current city limits. Source: 1980 Census, 1990 Census, 2000 Census			

As part of the work to determine the GMPC housing targets for 2001 – 2022, it has been estimated that average household size in east King County will further decline to 2.38 persons. As the average household size decreases, a greater number of housing units will be required to accommodate the population. The 2001 – 2022 housing targets have accounted for this smaller household size.

Household Types

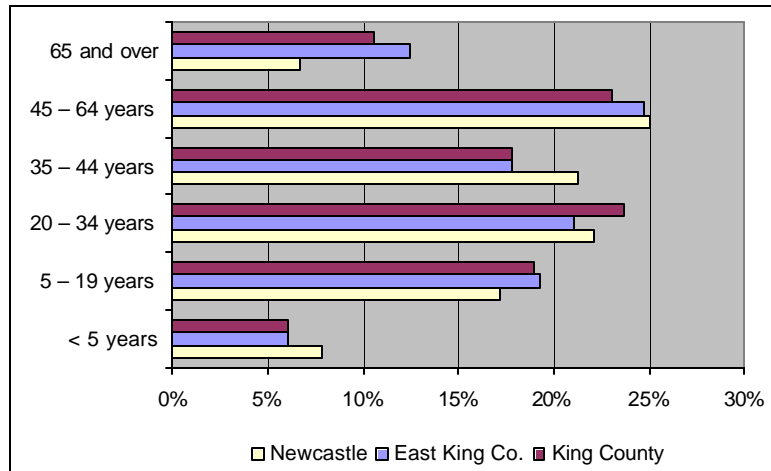
There are three primary household types: living alone; married with children; and married with no children. In Newcastle, the highest percentage of households is married without children. Newcastle has higher percentages of married households than the County overall and east King County, and lower percentages of persons living alone than in both areas (**Table HO-5**).

Table HO-5: Household Types 2000

	King County	East King County Cities	Newcastle
Living alone	30.5%	27%	20.5%
Married with children	21.2	25	30.2
Married no children	25.2	29	33.5
Single parent with children	7.2	6	4.1
Non family household	10.4	8	7.2
Other family	5.5	5	4.5
TOTAL	100.0%	100%	100.0%
Source: U.S. Census Bureau, Census 2000			

Compared to Countywide and east King County averages, Newcastle has a relatively high percentage of persons under the age of five, and age 35 – 45 (see **Chart HO-2**). Newcastle has a relatively low percentage of persons over the age of 65, especially compared to other cities in East King County. This type of age distribution is similar to that experienced in other cities in East King County when their housing stock was relatively new. Over time, other East King County cities have seen an increase the percentage of seniors. The City of Newcastle could experience a similar trend over the next few decades.

Chart HO-2: Persons by Age



Source: U.S. Census Bureau, Census 2000

Owner Versus Renter Occupied Dwelling Units

According to Census 2000 data, of the 3,028 occupied dwelling units in Newcastle, 76 percent are owner occupied and 24 percent are renter occupied. This percentage of owner occupied housing is higher than countywide figures, where Census data reports owner occupied housing units make up 60 percent of the total housing stock, as well as in East King County where owner occupied units make up 66 percent of all housing.

Vacancy Rates

According to Census 2000 data, of the 3,169 total housing units in Newcastle, 97 percent were occupied and only three percent were vacant. Vacant housing includes housing used for seasonal, recreational, or occasional use. The overall vacancy rate is lower in Newcastle than in King County, most likely due to the higher proportion of owner occupied housing in the City than in the County (see **Table HO-6**).

Table HO-6: Vacancy Rates 2000

	Newcastle	King County
Homeowner	0.7%	1.2%
Rental	4.1%	4.2%
Overall	2.9%	4.2%
Source: 2000 Census		

Housing Costs

Rental Units

The U.S. Census reports that the 2000 median rental rate in Newcastle was \$941, up from \$640 in 1990 (a 47% increase, unadjusted for inflation). This compares to King County median rental rates of \$758, in 2000 and \$457 in 1990 (a 66% increase, unadjusted for inflation). A field survey by ARCH in the first half of 2000 of all existing rental complexes in Newcastle, found median rents of over \$900 for two bedroom units which is consistent with 2000 Census data. Newcastle rent levels are toward the low end of rents in the east King County area. At these levels, many

existing rental units in Newcastle are affordable to moderate income households (those households earning 50 percent to 80 percent of the median income).

Condominium Prices

In 2001, 79 condominiums sold in the City of Newcastle ranging from \$75,000 to \$344,990. The median condominium price was \$132,000 (source: Northwest Multiple Listing Service). At this price level, condominiums are generally affordable to households earning 80 percent to 100 percent of median income.

Single Family Home Prices

The median home value in Newcastle (2000 Census) is \$322,500, compared to \$176,000 in 1990 (an 83 percent increase). This compares to King County median home value of \$236,900 in 2000 and \$140,100 in 1990 (a 69 percent increase). Home values reported by the U.S. Census represent overall housing stock. **Table HO-7** shows the values of homes that have sold between April 2001 and March 2002. Home sale values are generally higher than overall home values, representing a higher percentage of new homes and homes repaired or improved for market.

Between April 2001 and March 2002, 223 single-family homes valued from \$189,990 to \$1,342,000 sold in the City of Newcastle. The median house price during this period ranged from \$377,975 to \$408,975. These prices are significantly higher than King County as a whole, where median single-family home prices ranged from \$260,000 to \$276,000 during the same period, and toward the high end of home prices for east King County. Household income in excess of 120 percent of the County median income is needed to afford the median price home in Newcastle.

Table HO-7: Single Family Home Median Prices (by Quarter), 2001 to 2002

	King County	Newcastle
2002 (1 st Quarter)	\$274,500	\$377,975
2001 (4 th Quarter)	\$265,000	\$391,995
2001 (3 rd Quarter)	\$260,000	\$399,900
2001 (2 nd Quarter)	\$276,000	\$408,975
Source: Northwest Multiple Listing Service		

Vacant Land Prices

According to Northwest Multiple Listing Service, four listings for vacant land sold in the City of Newcastle during 2001 ranging in cost from \$150,000 to \$200,000 with a median price of \$177,475.¹

Household Income

Understanding the distribution of household income in Newcastle is a vital step in planning for its housing needs. A household's income dictates its housing decisions and opportunities. The year 2000 median income for a four-person household in King County is \$65,800. The King County median income rose to \$77,900 in 2002.²

¹ This figure includes sales throughout the City and may include sales in land use classifications other than single family residential; however, it is important to note that 70 percent of the City is zoned for single family residential.

² Source: HUD Income Guidelines for King County/Seattle MSA.

The King County Countywide Planning Policies define income groups as a percentage of the County median income as follows:

- Low Income: 0-50 percent of countywide median household income
- Moderate Income: 50-80 percent of countywide median household income
- Middle Income: 80-120 percent of countywide median household income
- Upper Income: More than 120 percent of countywide median household income

Median income reported for all households in King County in the 1990 census was \$36,179, regardless of the number of persons per household. As reported in the 2000 Census, the median household income had risen to \$53,157 by the year 1999, a 47 percent increase. This compares to the median income for Newcastle at \$80,320 (Table HO-8).

Table HO-8: Median Household Incomes

	1989	1999	Percent Increase
Newcastle	\$57,500	\$80,320	40%
King County	\$36,179	\$53,157	47%
Note: Newcastle 1990 census data reported here is for the Newport Hills Census Designated Place and includes a larger area than the current City limits. Source: US Census Bureau, Census 1990 and 2000, based on a sample.			

Based on these figures the following table summarizes the income levels of households in Newcastle

Table HO-9: Income in 1999

	Newcastle		King Co.	
	Number	Percent	Number	Percent
1999 King County Median Income - \$53,157				
1999 Households	3,090	100%	711,235	100
Low Income - 0-50% median income (less than \$26,579)	296	10%	153,692	22%
Moderate Income - 50-80% median income (between \$26,579 - \$42,526)	375	12%	124,671	18%
Middle Income - 80- 120% median income (between \$42,526 - \$63,788)	481	16%	136,582	19%
Upper Income – 120% median income and above (above \$63,788)	1,938	63%	296,290	42%
Source: U.S. Census Bureau, Census 2000, based on a sample				

Affordable Housing

The Vision Statement in the 1994 Comprehensive Plan documents the City’s commitment to maintaining the single-family neighborhood character. In addition, the Growth Management Act and King County’s Countywide Planning Policies mandate that cities develop specific policies for affordable housing. While multi-family housing plays an important role in affordable housing, it is not necessarily the only component of an affordable housing program. Increasing the potential for home ownership is a key goal. The City’s challenge is also to seek affordable housing strategies that strike a balance between the need for affordable housing and the preservation of existing neighborhoods.

Affordability concerns all households, regardless of income. It pertains to the balance between a household’s financial means and its desire for acceptable housing and amenities. The King County 2001 Annual Growth Report assumes that rent is “affordable” when no more than 30 percent of a renter’s income goes toward rent payments. Local affordable ownership programs determine affordable home prices by using the conventional lending assumption that no more than 30 percent of a homeowner’s income goes towards mortgage payments, property taxes, insurance and if applicable, homeowners dues. If a household expends a larger share of its income on dwelling costs, then the household may find it necessary to redirect monies that are normally spent for other basic needs such as food, health care, childcare, education, etc. **Table HO-10** summarizes affordable rent levels and ownership prices for 1999 King County income levels and household sizes using these assumptions.

Table HO-10: 1999 King County Affordability Figures

	STUDIO	1-Bedroom	2-Bedroom	3-Bedroom
	(1 Person)	(2 Person)	(3 Person)	(4 Person)
LOW INCOME -50% of Median Income				
Household Income	21,910	25,040	28,170	31,300
Rental	521	581	650	716
Owner *	56,000	65,000	73,000	82,000
MODERATE INCOME – 80% Of Median Income				
Household Income	35,056	40,064	45,072	50,080
Rental	849	962	1,073	1,185
Owner *	100,000	112,500	125,000	140,000
MEDIAN INCOME - 100% Of Median Income				
Household Income	43,820	50,080	56,340	62,600
Rental	1,069	1,212	1,355	1,498
Owner *	135,000	155,000	175,000	195,000
* Estimate assuming: 10% Down payment, 30 yr fixed mortgage at ~8%, Property taxes at 1.25%, mortgage insurance, homeowner dues \$100 - \$130.				
Source: ARCH 2002; Low, Moderate and Median income 1999 for King County as established by HUD				

House Purchase Affordability Gap

The term “affordability gap” refers to the difference between the average price of housing and the affordable price of housing. A positive gap means the price of housing is less than the amount recommended for a household to pay. Households with positive affordability gaps have an adequate choice of affordable housing. A negative gap indicates the price of housing exceeds the recommended household expenditure for housing. Households with a negative gap have fewer housing choices.

To afford a 2000 median priced single family home in Newcastle of \$322,500, a household would need an annual income of \$90,000 to \$105,000 (depending on amount of down payment and assuming conventional lending assumption). This income is more than 150 percent of the King County median household income. A household earning the median income for the County now faces a \$160,000 gap between what it can afford and the average house price in Newcastle. Based on 2000 Census data, fewer than 140 of the 3,169 homes in Newcastle were valued at less than \$160,000, the affordability level for a moderate income household in 2000 (see **Table HO-11**).

Table HO-11: Affordability of Newcastle Housing 2000

	King County Median Income
Affordable Price	\$162,000
Newcastle Median Housing Price	\$322,500
Affordability Gap	\$160,500
Source: 2000 Census	

Rental Affordability Gap

The 2000 Census reports the median rental price for an apartment in Newcastle was \$941 compared to \$758 per month for King County as a whole. As mentioned in the preceding section, a rental unit is considered affordable when no more than 30 percent of the household’s income is required for rent. The Newcastle median rent is affordable to a household earning \$37,640 annually, or approximately 71 percent of the County median income. This level is generally affordable to moderate income households, but would be significantly more than a Low Income household earning 50 percent of median income could afford which would be \$665 per month. Based on 2000 Census data, well under 10 percent of rental units in Newcastle would be affordable to a low income household.

Another way to look at affordability is to assess how many households are overpaying for housing. As shown in **Table HO-12**, based on 2000 census data, more than 30 percent of households are overpaying for housing (more than 30 percent of income used for housing.)

Table HO-12: Gross Rent as a Percentage of Household Income Newcastle (1999)

	Number	Percent
Less than 15 percent	145	20.3
15.0 to 19.9 percent	118	16.5
20.0 to 24.9 percent	138	19.3
25.0 to 29.9 percent	54	7.6
30.0 to 34.9 percent	72	10.1
35.0 percent or more	154	21.6
Not computed	33	4.6
Total	714	100
Source: U.S. Census Bureau, Census 2000, based on a sample		

A Regional Coalition for Housing (ARCH)

The City of Newcastle joined A Regional Coalition for Housing (ARCH) in 1999. ARCH is a public interlocal agency created in 1992 and comprised of east King County cities and King County. ARCH’s mission is to preserve and increase the supply of housing for low and moderate income households in east King County. ARCH is a direct outgrowth of cities efforts to respond to rising housing costs and mandates under the State’s Growth Management Act that require all cities to plan for affordable housing.

The ARCH Housing Trust Fund coordinates resources that are made available by member cities to support housing affordable to low and moderate income families, seniors, and persons with special needs. In ten years, the ARCH Trust Fund has made a total of \$14 million available to support the development or preservation of 1,800 housing units. Since becoming a member of ARCH, Newcastle has made approximately \$238,000 of resources available through the ARCH Trust Fund. This has included \$188,000 in cash and approximately \$50,000 in reduced City permit fees for a local project developed by Habitat for Humanity. Newcastle’s resources have been used to support the new Habitat for Humanity development in Newcastle, preserve low income senior housing on Mercer Island, and new housing for low income families in Issaquah. A number of other member cities of ARCH also provided funding for the Habitat for Humanity development in Newcastle. Through the ARCH Trust Fund, the cities that jointly fund an affordable housing project receive credit toward their GMPC affordable housing targets, even when that project is located in another city (see next section for discussion of Affordable Housing targets).

Future Needs and Alternatives

Projected Housing Needs

To provide a regional approach to housing issues and to ensure that affordable housing opportunities are provided for the lower and moderate income groups, King County has developed Countywide Planning Policies through the Growth Management Planning Council (GMPC), which establish lower and moderate income household targets for each jurisdiction within the county. The Countywide Planning Policies state:

"Each jurisdiction will plan for its fair share of low income housing developments. Jurisdictions that currently have a comparatively low concentration of affordable housing for low income groups will be required to take positive steps towards accommodating a greater share of such housing in their future housing growth."

Affordable housing targets are established based on a percent of the City's growth target. The affordable housing targets are not absolute requirements, but are planning goals. A city's comprehensive plan includes policies, incentives, and programs appropriate to local housing conditions to accommodate their share of housing affordable to low and moderate-income households. The GMPC Countywide Planning Policies more specifically state an affordability target for moderate income equal to 17 percent of the City's overall growth target and an affordability target for low income equal to 20 percent of the City's growth target.

The City of Newcastle will seek to provide adequate affordable housing in an effort to remain in compliance with King County CPP. It will strive to achieve a more equitable distribution of low income housing development and social services. Affordability targets can be met in many ways in addition to new construction, including but not limited to, preserving existing affordable housing, accessory dwelling units, various regulatory measures, increased densities in selected areas, direct assistance to local and regional affordable housing projects, and indirect assistance to affordable housing such as fee waivers. The City of Newcastle should develop and apply strategies that are determined to be most appropriate to the local housing market and the most compatible with the character of existing neighborhoods. These strategies will be developed and updated through City's Housing Strategy Plan.

Table HO-13: City of Newcastle Affordable Housing Demand Analysis

Income Level	King County Housing Units 2000		Newcastle Housing Units 2000		Newcastle Target Housing Units (2001-2022)		Newcastle Existing + Target Housing Units		Newcastle Household by Income (1999)	
	Number	%	Number	%	Number	%	Number	%	Number	%
Total	640,355	100%	3,117	100%	863	100%	3,980	100%	3,090	100%
Low (0-50%)	93,264	15%	65.0	2.1%	173	20%	238	6.3%	296	10%
Moderate (50-80%)	153,134	24%	496	15.9%	147	17%	643	16.2%	375	12%
Median (80-100%)	62,800	9.8%	128	4.1%	--	--	--	--	217	7%
1999 Housing Unit values: U.S. Census Bureau, Census 2000, Value & Gross Rent, based on a sample. Low & Moderate Income Households based on U.S. Census Bureau, Census 2000 Income in 1999, based on a sample. Median income for King County: \$53,157; U.S. Census Bureau, Census 2000 Newcastle Housing Targets GMPC Amendments to the Countywide Planning Policies July 2002 Affordable Home Price: low = \$75,000; moderate = \$125,000; median = \$160,000 Affordable Rent: low = \$619; moderate = \$1,018; median = \$1,284.										

Based on land use plan growth forecasts, a total of 863 new housing units are anticipated within the City during the next twenty years. Under the King County

CPP affordable housing targets, 320 of the 863 units planned for by the City over the next twenty years should be affordable housing units for low-and moderate-income households.

Upper Income Housing

Though there is a limited amount of developable land remaining, the production of an adequate number of units within the price range of upper income households is expected to occur through the normal processing and implementation of the Land Use Element and zoning. All upper income housing development will occur through the private sector.

Moderate and Middle Income Housing

Most of the new middle income housing units and some of the moderate income housing units in the City will be developed through the private sector. Although the majority of new construction will serve the needs of the upper income groups, some moderate income households can still be housed in Newcastle with quality rental units or possibly with duplex or townhouse style ownership units.

Low Income Housing

The number of existing households in the community in need of affordable housing is a function of both the price of housing and the demographic profile of the population and workforce. Some housing for low income households may be built with assistance from public and non-profit funding sources including programs such as A Regional Coalition for Housing (ARCH), King County Housing Assistance Plan, and Habitat for Humanity, etc. Innovative zoning and land use techniques that encourages (or provide incentives for) the development of affordable housing can be used to meet the additional affordable housing needs for low and moderate income households. For example, the City has revised its policies to encourage Accessory Dwelling Units, which is one way to provide low and moderate income housing. The City's Community Business Center Plan includes provisions that new housing in that area include affordable housing.

Affordable Housing Strategy Plan

It has been established that all King County communities share in the responsibility to distribute affordable housing to meet the housing needs of low and moderate income residents. Over the next twenty years, Newcastle will attempt to diversify its housing stock to include all income groups. Newcastle currently has a relatively small portion of households living in low and moderate income housing.

The City can consider a variety of strategies to supplement efforts already taken in order to achieve their housing goals and policies. The City can adopt a Housing Strategy Plan that will develop a more detailed list of specific strategies and will prioritize the order in which these strategies will be considered. Such an approach will allow the City to first consider strategies they believe will be most effective in addressing housing needs, and later consider additional strategies based on the effectiveness of the initial strategies. The Strategy Plan will identify a wide range of strategies that include both regulatory actions and other more direct and indirect means of addressing local needs. Examples of potential strategies include land use incentives such as density bonuses for providing affordable housing, taking additional action to support development of accessory dwelling units, adopting

special regulations for senior housing and housing for persons with special needs, reviewing regulatory provisions to expedite permitting, using surplus land for housing, supporting a shared housing program and supporting regional efforts to provide affordable housing.