

# City of Gig Harbor Housing Needs Assessment



January 2009



# City of Gig Harbor Housing Needs Assessment

January 12, 2009

Technical Assistance by:

**PMC<sup>®</sup>**





# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

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## EXECUTIVE SUMMARY

### INTRODUCTION

This Housing Needs Assessment is a supplement to the Housing Element of the Gig Harbor Comprehensive Plan.<sup>1</sup> The purpose of this analysis is to assist Gig Harbor in determining its current and future housing needs. The Housing Needs Assessment analyzes population, income, and housing characteristics. It pays specific attention to the need for affordable housing in Gig Harbor.

The data used to prepare this analysis was collected from the 2000 U.S. Census reports, Washington State Office of Financial Management (OFM) publications, Workforce Washington, the Puget Sound Regional Council (PSRC), Pierce County (County), the Washington State University Center for Real Estate Research (WSUCRER), City documents, and various other sources.

The Housing Needs Assessment comprises five sections. The first section is a brief look at national and regional trends affecting housing. The second section focuses on the planning context for Gig Harbor in relation to state, county, and local planning requirements and policies. The third section presents demographic information, including population, household, income, and employment characteristics. The demographic background is followed by an analysis of housing affordability in Gig Harbor. The final section presents a recommended scope of work for further study and analysis needed to implement Gig Harbor's housing policies and programs, particularly with respect to the provision of affordable housing.

### KEY FINDINGS

There are many factors affecting the availability, location, quality, and demand for affordable housing. The report reviews the housing market in the context of national trends and current economic issues along with the specific demographics of Gig Harbor. The report concludes that there is a very significant and growing need for affordable housing both within the city limits of Gig Harbor and its immediate environs. Implementation of the City's affordable housing policies is timely and important to the health and vitality of the community now and into the future.

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<sup>1</sup> The Gig Harbor Comprehensive Plan was adopted December 2004 and amended December 2007.

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## HOUSING AT THE START OF 2009

### THE NATIONAL ECONOMY

The U.S. economy began contracting in December 2007 to begin a serious recession.<sup>2</sup> In part, this recession was triggered by a housing boom, fueled by a national spree of subprime and questionable mortgages. Easy access to credit allowed households nationwide to purchase more home than they could afford or sustain. Foreclosures began to increase, first and hardest in the boom areas and eventually spreading in varying degrees all over the country. The housing boom and bust triggered a national credit crisis prompting the federal government to expend billions of dollars in an attempt to stabilize the finance industry.

The current economic climate is unprecedented since the 1930s. The year 2008 saw the largest stock market value decreases since 1931 at the start of the Great Depression. Banks and financial institutions that survived the Great Depression have shuttered their doors while others are accepting huge taxpayer-sponsored subsidies to remain in business. Housing foreclosures are at record highs while unemployment is steadily increasing. One in 10 Americans with a mortgage was a month or more behind on their payments, or already in foreclosure, at the end of September 2008.<sup>3</sup> The federal government is spending billions of dollars to directly purchase mortgage-backed securities to shore up the finance sector and to allow governments to purchase abandoned and foreclosed properties in areas hardest hit by the subprime mortgage debacle and huge numbers of foreclosures as residents walk away from homes they can no longer afford. The area of greatest foreclosures in Washington State is unincorporated Pierce County. The area of second greatest impact is Tacoma.

Another impact of the current economic climate is federal government control of both Fannie Mae and Freddie Mac, the country's two largest sources of mortgage purchasers from conventional banks. The federal government is now the entity with primary financial control of these two giants of mortgage finance. Beginning in 2009, the Bush administration's new lending standards will preclude all but those with the best credit or greatest means from obtaining home mortgages, though those with credit and financial resources will find the lowest interest rates for 30-year fixed mortgage loans since 1961.<sup>4</sup>

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<sup>2</sup> Interest.com – a financial information clearinghouse

<sup>3</sup> Source: Interest.com, a financial information clearinghouse

<sup>4</sup> Source: Peter Coy, Businessweek, January 5, 2009



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## UNEMPLOYMENT

Unemployment is rising nationwide, though in some areas and regions the problem is worse than others. The nation's unemployment rate rose to 6.7 percent in November 2008, up from 4.7 percent just a year earlier. Economists generally believe the unemployment rate will reach 7.5 to 8 percent by the end of 2009, but 10 percent is not out of the question if one of the American auto companies files for bankruptcy this year. As of September 2008, the nation had lost 1.9 million jobs as a result of the recession. Many Americans who aren't being laid off are being relegated to part-time status. The number of people who are working part time, including those who would like full-time jobs, rose by 2.8 million, to 7.3 million nationwide, over the past year.<sup>5</sup>

According to the Bureau of Labor Statistics, Pierce County's unemployment rate at the end of 2008 was 5.98 percent, up from 4.74 percent a year earlier. At the time of the 2000 Census, Gig Harbor's labor participation rate was 56.99 percent, with an unemployment rate of 3.77 percent. Gig Harbor has a large retired population that does not participate in the workforce. These individuals are not reflected in the unemployment figures and therefore bring Gig Harbor's per capita unemployment rate down compared with Pierce County overall. The county has a labor participation rate of 66.39 percent. If Gig Harbor's labor participation rates and proportional share of countywide unemployment remained roughly the same as in 2000, Gig Harbor's unemployment rate at the end of 2008 was 4.51 percent, up from 3.57 percent the previous year. Though both Gig Harbor and Pierce County are in a relatively better employment position than the nation as a whole, the unemployment rate still increased by 21 percent from 2007 to 2008.

## HOUSING PRICES AND SALES TRENDS

In October 2008, Standard & Poor's/Case-Shiller 20-city housing price index dropped by 18 percent, the sharpest annual rate since the index's inception in 2000. Their 10-city index tumbled 19.1 percent, the biggest decline in its 21-year history. Both indices have recorded year-over-year housing price declines for 22 straight months. Nationwide, prices are at levels not seen since March 2004. Prices have dropped up to 25 percent since their peak in the summer of 2006. The Phoenix, Las Vegas, and San Francisco metro areas saw price declines of 33, 32, and 31 percent, respectively, from the previous year. Atlanta, Seattle, and Portland, Oregon, all recorded their first double-digit annual declines in October 2008. Sales of new homes fell in November 2008 to their slowest pace in almost 18 years. At the same time,

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<sup>5</sup> Source: Ibid.

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prices for new homes fell 11.5 percent nationwide. Sales of existing homes also posted price declines of 13.2 percent, according to the National Association of Realtors.<sup>6</sup>

The median sales price for an existing home in Gig Harbor was \$405,500 in the first three quarters of 2008.<sup>7</sup> By the end of 2008, the median sales price had fallen to \$299,900 on the Gig Harbor Peninsula, an 11 percent decrease in sales price over fourth quarter of 2007. This decrease is partly due to the size of homes and location of homes available in the last quarter of 2008. The highest percentage of sales was occurring in the \$200,000 to \$300,000 price range; however, the median listing price at the end of December 2008 was still \$610,001.<sup>8</sup>

Gig Harbor has a large discrepancy in the types of homes available on the market from rural mobile homes to waterfront mansions. A good indicator of price in this context is price per square foot. In December of 2008, the median price per square foot of home on the market was \$192. This price represents a 14.3 percent decrease in the per square foot cost in December 2007 when the price was \$224 per square foot. The peak price for homes per square foot within the previous 5 years was in September of 2008 when the price rose to \$268 per square foot. Two other good indicators of stress in the market are the number of foreclosures and the number of sales. In the first week of 2009, there were 633 homes for sale in the City of Gig Harbor and its immediate environs; of those, 276, or 43 percent, were in active foreclosure. The number of sales at the end of December 2008 was down 38 percent over the same month in 2007.<sup>9</sup>

Households are classified into income ranges. A moderate-income household makes 81 to 115 percent of the area median annual income. Low-income households earn 51 to 81 percent of the area median annual income. Homes earning 50 percent or less of the area median income are classified as very low-income. The maximum affordable sales price for a low-income household in Pierce County is \$141,366, while the maximum affordable sales price for a moderate-income household is \$203,214. The median sales price for a three-bedroom existing home was \$402,000 in Gig Harbor in the first three quarters of 2008, well above the maximum sales price affordable for very low-, low-, and moderate-income groups. A household would have to earn over 225 percent of the median county income to afford the median-priced three-bedroom home in Gig Harbor. Even at the current median sales price of \$299,900, most homes are not affordable to moderate- or lower-income groups.

The average monthly rent for apartments of all types in Gig Harbor ranged from \$657 for a studio to \$1,095 for a three-bedroom (October 2008). Households with very low, low, and moderate incomes could afford maximum rents of \$736, \$1,178, and \$1,693, respectively.

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<sup>6</sup> Source: Associated Press, December 30, 2008

<sup>7</sup> As reported by Trulia ([www.trulia.com](http://www.trulia.com)) based on information from the Multiple Listing Service

<sup>8</sup> Source: Trulia.com

<sup>9</sup> Source: Ibid.

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Without accounting for vacancy rates or household size, an average family with a low or moderate income is able to find rental housing in the City of Gig Harbor.

This is a strange time for housing. Costs are down, but access to owner-occupied housing is becoming more difficult at a time when unemployment and underemployment are rising and wages are stagnant. Rental housing is still affordable in Gig Harbor, but the high number of foreclosures will likely bring new households into the rental market. As rental demand increases, rents may follow. The need for affordable housing can only increase.

## PLANNING CONTEXT

### STATE REQUIREMENTS

The Growth Management Act (GMA) requires jurisdictions to identify the projected housing needs for each city and to make adequate provisions for existing and projected needs of all economic segments of the community. Jurisdictions must demonstrate, in specific terms, how they plan to meet GMA goals for affordable housing. The overall planning goals for housing in the GMA are as follows:

- Ensure housing for all economic segments of the population of this state.
- Participate in making available a fair share of affordable housing, including affordable housing for people with special needs.
- Promote zoning classifications which allow a variety of residential densities and housing types.
- Encourage preservation of existing housing stock.
- Assure that housing complies with local, state, and federal fair housing laws.

The GMA also encourages the use of innovative land use techniques to promote a variety of housing opportunities, including “density bonuses, cluster housing, planned unit developments, and the transfer of development rights.”

### REGIONAL REQUIREMENTS

The Puget Sound Regional Council (PSRC) is an association of cities, towns, counties, ports, and state agencies that serves as a forum for developing policies and making decisions about

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regional growth management and environmental, economic, and transportation issues in the four-county central Puget Sound region. The PSRC is the four-county region's Metropolitan Planning Organization (MPO) and the Regional Transportation Planning Organization (RTPO) for Pierce, King, and Snohomish counties. The PSRC General Assembly passed a new regional plan, VISION 2040, in April 2008. VISION 2040 contains several regional housing policies, as described below.

**Overarching Goal:** The region will preserve, improve, and expand its housing stock to provide a range of affordable, healthy, and safe housing choices to every resident. The region will continue to promote fair and equal access to housing for all people.

## POLICIES

### Housing Diversity and Affordability

MPP-H-1 Provide a range of housing types and choices to meet the housing needs of all income levels and demographic groups within the region.

MPP-H-2 Achieve and sustain – through preservation, rehabilitation, and new development – a sufficient supply of housing to meet the needs of low-income, moderate-income, middle-income, and special needs individuals and households that is equitably and rationally distributed throughout the region.

MPP-H-3 Promote homeownership opportunities for low-income, moderate-income, and middle-income families and individuals.

### Jobs-Housing Balance

MPP-H-4 Develop and provide a range of housing choices for workers at all income levels throughout the region in a manner that promotes accessibility to jobs and provides opportunities to live in proximity to work.

### Centers Housing

MPP-H-5 Expand the supply and range of housing, including affordable units, in centers throughout the region.

MPP-H-6 Recognize and give regional funding priority to transportation facilities, infrastructure, and services that explicitly advance the development of housing in designated regional growth centers. Give additional priority to projects and services that advance affordable housing.

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## Best Housing Practices

MPP-H-7 Encourage jurisdictions to review and streamline development standards and regulations to advance their public benefit, provide flexibility, and minimize additional costs to housing.

MPP-H-8 Encourage the use of innovative techniques to provide a broader range of housing types for all income levels and housing needs.

MPP-H-9 Encourage interjurisdictional cooperative efforts and public-private partnerships to advance the provision of affordable and special needs housing.

## County Requirements

The Countywide Planning Policies (CPP), in addition to reaffirming the GMA housing goals, require all cities to share the responsibility for achieving a rational and equitable distribution of affordable housing in Pierce County. In accordance with the requirements of the GMA, the Countywide Planning Policies require that Pierce County establish 2022 growth targets and that these targets should be consistent with zoning and infrastructure plans developed by the City. The CPP also establish targets for the provision of affordable housing for all local governments in Pierce County.

The current Pierce County CPP on housing, adopted September 2005, include:

1. The County, and each municipality in the County, shall determine the extent of the need (i.e., the demand) for housing for all economic segments of the population that are projected for the community over the planning period.
  - 1.1 the projection shall be made in dwelling units, by type, provided that the projection may be a range and that the types of dwelling units may be in broad categories, such as single-family detached, single-family attached, duplex, triplex, fourplex, apartments and special housing types;
  - 1.2 the projection shall be reflective of census or other reliable data indicating the economic segments of the population for whom housing needs to be provided, and shall incorporate the jurisdiction's fair share of the County's housing needs;
  - 1.3 the projections shall be reflective of the Countywide fair share housing allocation as shall be established pursuant to federal or state law and supplemented by provisions established in intergovernmental agreements between County jurisdictions.

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2. The County and each municipality in the County shall meet their projected demand for housing by one or more or all of the following:
  - 2.1 preservation of the existing housing stock through repair and maintenance, rehabilitation and redevelopment;
  - 2.2 identification of vacant, infill parcels appropriately zoned for residential development with assurances that neighborhood compatibility and fit will be maintained through appropriate and flexible zoning and related techniques, such as:
    - 2.2.1 sliding-scale buffering and screening requirements based on adjacent use considerations;
    - 2.2.2 performance standards;
    - 2.2.3 height and bulk limitations;
    - 2.2.4 provision of open space;
    - 2.2.5 front, side and rear yard requirements;
    - 2.2.6 protection of natural resources and environmentally-sensitive lands;
    - 2.2.7 architectural controls and design standards.
  - 2.3 identification of other vacant lands suitable for residential development and permitting sufficient land through zoning to meet one or more or all of the following types and densities, of housing:
    - 2.3.1 multi-family housing
    - 2.3.2 mixed use development
    - 2.3.3 cluster development
    - 2.3.4 planned unit development
    - 2.3.5 non-traditional housing

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- 2.4 In determining the suitability of the location and identification of sites for affordable housing, the jurisdictions shall consider the availability and proximity of transit facilities, governmental facilities and services and other commercial services necessary to complement the housing.
3. The County, and each municipality in the County, shall assess their success in meeting the housing demands and shall monitor the achievement of the housing policies not less than once every five years.
4. The County, and each municipality in the County, shall maximize available local, state and federal funding opportunities and private resources in the development of affordable housing.
5. The County, and each municipality in the County, shall explore and identify opportunities for non-profit developers to build affordable housing.
6. The County, and each municipality in the County, should explore and identify opportunities to reutilize and redevelop existing parcels where rehabilitation of the buildings is not cost-effective, provided the same is consistent with the Countywide policy on historic, archaeological and cultural preservation.
7. New fully-contained communities shall comply with the requirements set forth in the Growth Management Act and shall contain a mix in the range of dwelling units to provide their “fair share” of the Countywide housing need for all segments of the population that are projected for the County over the planning period.

## **Buildable Lands**

Pierce County and its 23 cities and towns began developing a Buildable Lands Program in 1997 in response to amendments to the Washington State Growth Management Act enacted that same year. The program seeks to establish a coordinated system for collecting and monitoring data regarding growth and development occurring in Pierce County and its cities and towns. The program primarily focuses on evaluating two aspects of growth management – accommodation of projected population growth during the 20-year planning period and the availability of commercial and industrial land for employment purposes. The program is aimed at ensuring greater consistency between local planning efforts under GMA and the growth and development patterns actually occurring in the urban areas of the county and its cities and towns. The timeline for the 2007 Buildable Lands analysis ends in the year 2022 and reflects adjusted population and employment estimates from the Washington State Office of Financial Management.

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## **Pierce County Draft Countywide Planning Policies (CPP) on Affordable Housing**

Communities in Pierce County, through participation in the Pierce County Growth Management Committee (GMCC), agreed that new housing should provide a mix of price ranges and types that meets the affordable housing needs of future residents. These needs are reflected in the proposed new Pierce County Countywide Planning Policies (CPP) on Affordable Housing and the Fair Share Affordable Housing table.<sup>10</sup> The draft CPP methodology suggests Gig Harbor should build 769 affordable housing units by 2022 to meet its Fair Share Affordable Housing target.

## **GIG HARBOR COMPREHENSIVE PLAN**

Gig Harbor is subject to the comprehensive planning requirements of the Growth Management Act. Gig Harbor plans in concert with the Pierce County Countywide Planning Policies and the broader level housing goals in the Puget Sound Regional Council's VISION 2040. Several elements of the Gig Harbor Comprehensive Plan have bearing on the policies and programs related to affordable housing. Areas with very specific influence include the Housing Element, the Land Use Element, and the Economic Development Element. The Housing Element defines the existing housing stock and characteristics. The Land Use Element, in part, defines population, household, and demographic characteristics, both existing and projected. The Economic Development Element defines the current employment conditions and provides policies toward future job growth in the city and its urban growth area. Other elements that affect housing include Capital Facilities, Utilities, and Transportation.

### **Land Use Element**

The Gig Harbor Land Use Element affects housing through the following policies:

#### **2.1.5 Growth Management Priorities**

- a) Determine the developable acreage within the urban area and determine population or land use holding capacities and service requirements of the proposed urban growth area.
- b) Provide sufficient land area to accommodate a projected population of 20,750 within the defined urban growth area over the next twenty years at an average net residential density of four to four and one-half dwelling units per acre.

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<sup>10</sup> The Pierce County Regional Council (PCRC) began discussing the proposed affordable housing CPP on September 18, 2008.



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c) Ensure sufficient residential capacity to accommodate 10,800 residents by 2022 within the existing city limits.<sup>11</sup>

## 2.3.3 Housing Choice

a) Expand residential districts and code definitions to allow a broad range choice of housing types, locations and tenures.

b) Provide housing opportunities for varied types and ages of households to include single-parent and two-parent families, individuals and the elderly.

c) To the extent appropriate, recognize social area specializations by household and age group and provide public services which reflect the area's needs.

## Housing Element

Several policies within the Housing Element of the Gig Harbor Comprehensive Plan may have impacts on the City's ability to provide a range of housing types at a mix of costs to ensure an adequate future supply of affordable housing. Global-level goals with direct impacts include:

- GOAL 5.4 Maintain a “no net loss” policy toward affordable housing units.
- GOAL 5.5 Preserve Gig Harbor as a place to live for people of all occupations, incomes and abilities.
- GOAL 5.6 Support Countywide Fair Share Housing Allocations.
- GOAL 5.7 Minimize direct costs of new housing construction.
- GOAL 5.8 Eliminate incentives to build larger homes than are needed for typical sized households in Gig Harbor.
- GOAL 5.9 Minimize infrastructure costs associated with housing development.
- GOAL 5.10 Minimize costs associated with permit processing and approvals by streamlining turnaround time for new applications for affordable housing.
- GOAL 5.11 Provide assistance in minimizing indirect housing costs.

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<sup>11</sup> The population figures represent the 2007 Pierce County Buildable Lands estimates without adjustment for annexations between 2001 and 2007.

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## **Economic Development Element**

The Gig Harbor Economic Development Element affects housing through the following policy:

### **6.1.1 Job Creation**

- a) Help create employment opportunities within the local economy, particularly for residents who now commute across the Tacoma Narrows Bridge to work. Participate with other public agencies and private interests in marketing projects, labor force training programs, and other efforts to attract new businesses to Pierce County and Gig Harbor Peninsula area.
- b) Determine reasonable jobs to housing balance by coordinating land use and development policies to help achieve the designated balance of adequate affordable housing near employment centers.
- c) Encourage the redevelopment of declining commercial areas through a variety of incentives such as reduced fees for permits or utility connections and the consideration of waivers from land use performance standards, as appropriate.
- d) Establish a “target” population-to-jobs ratio of 2.5:1 as an appropriate, reasonable and attainable balance for the projected population to the year 2014.

## **DEMOGRAPHIC CHARACTERISTICS**

### **POPULATION TRENDS**

The City of Gig Harbor is expected to grow significantly over the next 20 years. As a city planning under the GMA, Gig Harbor must attempt to meet its housing and population allocations as set forth in the 2007 Pierce County Buildable Lands Report. In its July 24, 2008, population estimate, the Office of Financial Management estimated the 2008 population of Gig Harbor at 6,910 residents. Between 2008 and 2022, the city is expected to experience a population increase of 69 percent within the present city limits and 213 percent when the annexation of Gig Harbor’s Urban Growth Area (UGA) is included. Population within the current city limits is expected to increase to 11,675 by 2022. Population within Gig Harbor’s UGA is expected to increase to 9,950 by 2022. With the annexation of the UGA, Gig Harbor is expected to grow from 6,910 in 2008 to 21,625 residents by 2022.

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## HOUSEHOLD CHARACTERISTICS

### Household Tenure

According to the 2000 Census, the percentage of rental households in Gig Harbor (40 percent) is lower than that of owner-occupied households (60 percent). At 58 percent, single-family homes comprise the largest housing type category. Multi-family housing units in complexes of 3 to 19 units account for approximately 18 percent of the housing stock. Approximately 40 percent of Gig Harbor's housing stock is over 35 years old. Almost 35 percent of the housing stock was constructed since 1990.

### Growth Projections

The Washington State Office of Financial Management estimates in 2008 there were 3,301 housing units in Gig Harbor. To meet the population allocation targets of the 2007 Pierce County Buildable Lands Report, Gig Harbor will have to add approximately 2,503 more housing units by 2022. To meet its Fair Share Affordable Housing Allocation, 769 of these must be permanent, dedicated affordable housing units for low- and moderate-income households.

## INCOME CHARACTERISTICS

### Household Income

Household income is one of the most significant factors affecting housing choice and opportunity. Income largely determines a household's ability to purchase or rent housing while balancing housing costs with the costs of other necessities. Income levels vary considerably among households, affecting preferences for tenure, location, and housing type. While higher-income households have more discretionary income to spend on housing, lower- and moderate-income households are limited in the range of housing they can afford. Typically, as the income of a household decreases, the incidence of housing cost burdening and overcrowding increases.

**Table 1** shows the distribution of income in Gig Harbor. The year 2000 data is from the 2000 Census. The years 2008 and 2022 are straight-line projections of household income based on percentages from the 2000 Census. At the time of the 2000 Census, the median income for a household in the city was \$43,456, and the median income for a family was

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\$57,587.<sup>12</sup> The median household income in Gig Harbor in the year 2000 was 4 percent lower than the median for Pierce County as a whole at \$45,204. The median household income in Pierce County today is \$58,903. If the relationship between Gig Harbor and Pierce County is assumed to be the same in 2008 as it was in 2000, the median household income in Gig Harbor is approximately \$56,547.

**TABLE 1  
HOUSEHOLD INCOME**

Household Income <sup>3</sup>	Households				2000 Percentage
	2000	2008 <sup>1</sup>	2022 w/o UGA <sup>2</sup>	2022 w/UGA	
	<b>2,993</b>	<b>3,301</b>	<b>11,675</b>	<b>20,750</b>	<b>100%</b>
<\$10,000	155	171	604	1,073	5.17%
\$10,000–\$19,999	426	469	1,660	2,951	14.22%
\$20,000–\$34,999	646	712	2,519	4,478	21.58%
\$35,000–\$49,999	421	465	1,644	2,922	14.08%
\$50,000–\$74,999	553	610	2,158	3,835	18.48%
\$75,000–\$149,999	587	647	2,288	4,067	19.60%
>\$150,000	205	226	801	1,423	6.86%

<sup>1</sup>2008 Population Projection and 2008 Households from Washington State Office of Financial Management

<sup>2</sup>2022 Population Allocation from the 2007 Pierce County Buildable Lands Report

<sup>3</sup>2008 and 2022 Household Median Income based on straight-line projections of the 2000 U.S. Census, as compiled by City Data ([www.city-data.com](http://www.city-data.com))

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<sup>12</sup>According to the U.S. Census Bureau, a household includes all the people who occupy a housing unit as their usual place of residence, while a family consists of a group of two or more people who reside together and who are related by birth, marriage, or adoption.

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**Table 2** provides the percentage of Gig Harbor residents that are within the very low-, low-, moderate-, and above moderate-income ranges.

**TABLE 2  
GIG HARBOR LOW- AND MODERATE-INCOME  
HOUSEHOLDS**

2008 Household Income <sup>1</sup>	Households		
	% of Median Income	Income Range	% of Households
Very Low	0–50%	\$0–29,452	30.18%
Low	51–80%	\$29,453–\$47,122	24.87%
Moderate	81–115%	\$47,123–\$67,738	9.24%
Above Moderate	115+%	\$67,738+	35.7%

<sup>1</sup>2008 Household Median Income based on straight-line projections of the 2000 U.S. Census, as compiled by City Data ([www.city-data.com](http://www.city-data.com))

## Poverty

The poverty threshold is set nationally and is based on a federally defined level of income for minimum subsistence. The dollar threshold for poverty is adjusted for household size and composition. According to the 2000 Census, 5.9 percent of the population and 3.5 percent of families were below the poverty line. Of the total number of people living in poverty, 7.8 percent were under the age of 18 and 4.1 percent were 65 or older. If this trend holds true, in 2008 there are 408 residents of Gig Harbor with incomes below the poverty line. By 2022, 689 Gig Harbor residents will report incomes below the poverty level.

## EMPLOYMENT CHARACTERISTICS

### Area Employment Trends

The workforce in the Tacoma metropolitan area encompasses professional, technical, production, transportation, and service occupations. The major employers in Gig Harbor and the surrounding vicinity represent a wide range of employment sectors and generally employ from 75 to over 250 employees. **Table 3** identifies major employers throughout the City of Gig Harbor, as reported by the Gig Harbor Chamber of Commerce.

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**TABLE 3  
MAJOR EMPLOYERS IN GIG HARBOR**

Over 250 Employees		
<b>Institutional</b>		
Correctional Department, Women's		
100 to 250 Employees		
<b>Service</b>		
Canterwood Golf & Country Club	Century Tel	YMCA Camp Seymour
<b>Education</b>		
Gig Harbor High School	Peninsula High School	
<b>Retail</b>		
Fred Meyer	QFC	Safeway
<b>Medical</b>		
Cottesmore of Life Care	Gig Harbor Medical Clinic	Manor Care Health Services
Medalia Healthcare	Metagenics	Multicare Urgent Care Center
50 to 99 Employees		
<b>Institutional</b>		
City of Gig Harbor	Peninsula Light Company	Pierce County Fire Dept.
<b>Service</b>		
Heritage Restaurant	Inn at Gig Harbor	Keller Williams Realty
Point of Sale Data Products	Windermere Real Estate	YMCA
<b>Education</b>		
Artondale Elementary School	Goodman Middle School	Harbor Heights Elementary School
Harbor Ridge Middle School	Kopachuck Middle School	Purdy Elementary School
Tacoma Community College		
<b>Retail</b>		
McDonalds	Thriftway	
<b>Medical</b>		
Olympic Pharmacy and Health Services		
<b>Manufacturing and Trades</b>		
Active Construction	Minterbrook Oyster Co.	Transpro
Wade Perrow Construction Inc.		
Pipeline Projects		
New Hospital		

# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

## Senior Housing

Gig Harbor has six major skilled nursing facilities and a handful of smaller licensed residential care homes, which provide care and assistance to disabled and/or elderly residents who are partially self-sufficient. Assisted living is provided mainly in larger facilities with more than 20 units.

The assisted living costs listed below (**Table 4**) are the monthly prices for a private room, where available. The actual cost of care at many homes varies widely and is based on the amount of care that an individual resident requires.

**TABLE 4  
SENIOR AND ASSISTED LIVING FACILITIES**

Facility Name	Address	Capacity (persons)	Type of Facility	Price Range (per month)
Clare Bridge at Shoreline View	9324 North Harborview Dr.	38	Alzheimer's Care	\$3,906–\$4,810
Merrill Gardens at Gig Harbor	3213 45 <sup>th</sup> Street Court NW	78 (units-1 and 2 beds)	Senior and Assisted Living	\$2,045–\$3,895
Olympic Alzheimer's Residence	3025 14 <sup>th</sup> Avenue NW	60	Alzheimer's Care	\$4,462–\$7,500
Sound Vista Village	6633 McDonald Avenue	40	Senior and Assisted Living	\$2,075–\$2,575
Harbor Place at Cottesmore*	1016 29 <sup>th</sup> Street NW	100	Senior and Assisted Living	\$2,400–\$4,800
Family First Adult Homes	4700 Point Fosdick Drive NW	24	Senior and Assisted Living	\$5,000
Harborview Senior Center	3315 Lewis Street	5	Senior and Assisted Living	\$3,800
Country Care Manor	10610 Crescent Valley Drive NW	6	Senior and Assisted Living	\$1,500

*\*As of December 2008, this development will be closing.*

# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

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## HOUSING NEEDS AND OPPORTUNITIES

### WHAT IS THE PROBLEM?

A 2007 Pierce County study conducted by PMC found that housing prices continue to rise while overall household incomes are not keeping up with the cost of housing. Low- and moderate-income groups are experiencing a gap between what they can afford to spend on housing and how much the market is demanding from them. Low-income households are those that earn less than 80 percent of the median income. Moderate-income or “workforce” households are those earning between 81 and 120 percent of the median income. Housing is considered affordable if no more than 30 percent of a household’s income is spent on housing costs.

The median household income for Pierce County is \$58,903 in 2008. The maximum affordable home prices for low-income and moderate-income households are \$141,366 and \$203,214, respectively. The median home price in the first quarter of 2008 in Pierce County was \$265,000,<sup>13</sup> which requires an annual income of \$88,333. Low-income households could afford a monthly rent maximum of \$1,178, and moderate-income households could afford no more than \$1,693 per month (this would be a household making around 115 percent of median income or \$67,738). There is an affordability gap for both renters and homeowners in Pierce County, including in the City of Gig Harbor.

The affordability gap in Gig Harbor is even more pronounced than it is in Pierce County as a whole. In the nine-month period from January 1 through September 30, 2008, a total of 68 homes sold within the Gig Harbor city limits. The median sales price for these homes was \$405,500. A household would have to make \$135,167 per year to afford the median home sold in Gig Harbor in the first three quarters of 2008. This income amount represents more than 229 percent of the county’s median household income in 2008.

By the end of 2008, the median home price in Gig Harbor and the surrounding peninsula, which tends to have a lower median housing cost, was still \$299,900. Even encompassing more rural areas outside the city and accounting for the recent housing price drop of 11 percent, a median- or lower-income household cannot afford to buy in or around Gig Harbor. The supply of housing units affordable to low- and moderate-income households in Gig Harbor is very limited. **Table 5** represents Pierce County income groups for the first quarter of 2008.



# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

**TABLE 5  
2008 PIERCE COUNTY INCOME LEVELS**

Pierce County Income Groups	
2008 First Quarter Median Income	\$58,903
Very Low Income (less than 50%)	\$0–\$29,452
Low Income (51-80%)	\$29,453–\$47,122
Moderate Income (81–115%)	\$47,122–\$67,738
Above Moderate Income (115%+)	\$67,738+

*Source: WA Office of Financial Management, October 2006*

The affordability gap is especially pronounced for very low-income (less than 50 percent of median), low-income (51 to 80 percent of median), and moderate-income (81 to 115 percent of median) households. The people in the low- and moderate-income categories are vital members of the workforce. They include office clerks, security guards, bank tellers, teachers, legal secretaries, pharmacy technicians, and firefighters. Few homes are available at the prices that are affordable to low- and moderate-income families. Consequently, these families experience financial hardships because they are often forced to pay more than 30 percent of their monthly income on housing costs.

## WHAT CAN PEOPLE AFFORD?

An affordable housing price is typically estimated to be no more than three times a household's annual income. **Table 6** indicates the most a household can afford to pay for rent and the highest home purchase prices affordable to each income group.

**TABLE 6  
2008 PIERCE COUNTY INCOMES AND MAXIMUM  
HOUSING COSTS**

Income Group <sup>1</sup>	Income Ranges	Max. Rent per month <sup>2</sup>	Max. Housing Purchase Price <sup>3</sup>
Very Low (0–50%)	\$0–\$29,452	\$736	\$88,356
Low (51-80%)	\$29,453–\$47,122	\$1,178	\$141,366
Moderate (81–115%)	\$47,122–\$67,738	\$1,693	\$203,214
Above Moderate (115%)	\$67,738+	\$1,693+	\$203,214+

<sup>1</sup> *First Quarter 2008 Median Housing Income*

<sup>2</sup> *Thirty percent of monthly income*

<sup>3</sup> *Annual income multiplied by three*

<sup>13</sup> The Washington State University Center for Real Estate Research. WSUCRER data indicates the median home prices in Pierce County in 2006 and 2007 were \$270,000 and \$281,400, respectively. The first quarter of 2008 represented a 6.0 percent fall in median house prices over the 2007 average.

# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

The information in **Table 7** illustrates affordability from a different perspective. It shows the actual sales prices of homes in Gig Harbor, along with the potential monthly mortgage payment and required income that a household would have to make to qualify for one of these homes. The table assumes a 10 percent down payment, 30-year mortgage, annual taxes and insurance equaling 1.5 percent of the sale price, private mortgage insurance (PMI) of 0.5 percent, and a loan interest rate of 6.03 percent.<sup>14</sup> The total principal, interest, taxes, and insurance (PITI) should be no more than 30 percent of income. As Table 7 illustrates, the current median home price in Gig Harbor requires a yearly income higher than the county median income.

**TABLE 7  
COST OF OWNERSHIP IN GIG HARBOR**

Percentile	Price <sup>1</sup>	PITI (10% Down)	Required Income	Income as % of Median HH Income <sup>2</sup>
90th	\$586,250	\$4,126	\$195,417	332%
75th	\$500,200	\$3,521	\$166,733	283%
Median	\$405,500	\$2,854	\$135,167	229%
25th	\$300,000	\$2,112	\$100,000	170%
10th	\$204,900	\$1,442	\$68,300	116%

<sup>1</sup> Sales prices for homes sold within the Gig Harbor city limits, January 1 through September 30, 2008. Sales prices and percentiles calculated with data collected from the Multiple Listing Service by Trulia ([www.trulia.com](http://www.trulia.com)).

<sup>2</sup> Washington State University Center for Real Estate Research, First Quarter 2008 Median Household Income

## MARKET SUPPLY VS. DEMAND

**Table 8** shows the listing prices of homes for sale in Gig Harbor in mid-October 2008 and the potential monthly mortgage payment and required income that someone would have to make to qualify for one of these homes. The table assumes a 10 percent down payment, 30-year mortgage, annual taxes and insurance equaling 1.5 percent of the sale price, private mortgage insurance (PMI) of 0.5 percent, and a loan interest rate of 6.03 percent.<sup>15</sup>

<sup>14</sup> The interest rate reflects the average loan interest rate for Pierce County in the first quarter of 2008 as calculated by the Washington State University Center for Real Estate Research.

<sup>15</sup> The interest rate reflects the average loan interest rate for Pierce County in the first quarter of 2008 as calculated by the Washington State University Center for Real Estate Research.

# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

TABLE 8  
FOR SALE HOMES IN GIG HARBOR

Percentile	Price <sup>1</sup>	PITI (10% Down)	Required Income	Income as % of Median HH Income <sup>2</sup>
90th	\$849,860	\$5,982	\$283,287	481%
75th	\$660,000	\$4,645	\$220,000	373%
Median	\$504,475	\$3,551	\$168,158	285%
25th	\$372,500	\$2,622	\$124,167	211%
10th	\$280,500	\$1,974	\$93,500	159%

<sup>1</sup> Sales prices for homes for sale within the Gig Harbor city limits, October 20, 2008. Sales prices and percentiles calculated with data collected from the Multiple Listing Service by Trulia ([www.trulia.com](http://www.trulia.com)). Data does not include an outlier home for sale in excess of \$28 million.

<sup>2</sup> Washington State University Center for Real Estate Research, First Quarter 2008 Median Household Income

More than 2,400 households, representing 73.5 percent of the Gig Harbor population, can afford a home price of no more than \$225,000, but in October 2008 only four of the 73 homes for sale were available at or below this price. Of those, two were mobile homes, one was a single-family home, and the last was part of a cooperative community. Conversely, there was a greater supply of more expensive homes but fewer households in the market for them. Many more homes (32 units) were available at up to \$450,000, but fewer households could afford this price (226). The median listing price in October 2008 was \$504,475.

## HOUSING OVERPAYMENT

Housing overpayment is a problem for low- and moderate-income households because it leaves little income for other necessary expenses. Overpayment is measured by the percentage of monthly income paid out for housing costs. A household is considered “cost-burdened” with respect to housing cost when it spends more than 30 percent of its income on housing expenses. When a household spends more than 35 percent of its income on housing, it is considered “severely cost-burdened.”

Across Pierce County, the 2000 Census found 70 percent of very low-income households paid more than 35 percent on housing and only 2 percent of these households paid between 30 and 34 percent of their income in 2000. One-third of low-income households paid more than 35 percent and 13 percent paid between 30 and 34 percent on housing. The gap narrowed significantly for moderate-income households, 16 percent of which were severely cost-burdened while 10 percent were cost-burdened. Above moderate-income households had fewer incidences of overpayment, with 6 percent spending between 30 and 34 percent on housing and 5 percent spending more than 35 percent of their income on housing costs.

# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

In the year 2000, approximately 6.3 percent of homeowners in Gig Harbor were cost-burdened and 16.7 percent of homeowners were severely cost-burdened. In that same year, about 12.5 percent of renters were cost-burdened and 28 percent were severely cost-burdened. The following table gives estimates of the number of cost-burdened and severely cost-burdened households in Gig Harbor in 2008 and 2022, based on the 2000 percentages.

**TABLE 9  
INCIDENCE OF COST BURDEN**

Cost-Burdened (30–34%)			
Number of Households			
	2000	2008	2022
Owner Occupied	77	208	736
Renter Occupied	159	413	1,459
Total	236	621	2,195
Severely Cost-Burdened (35+%)			
Number of Households			
	2000	2008	2022
Owner Occupied	205	551	3,269
Renter Occupied	356	924	3,269
Total	561	1,476	6,538

## OCCUPATIONS AND HOUSING AFFORDABILITY

Many low-income residents work full-time jobs and still cannot afford adequate housing. In fact, many households in the low- and moderate-income categories are employed to perform services a community relies upon, such as teaching, garbage collection, and firefighting. The consequences of a lack of affordable housing can be detrimental to the quality of life of families and the environment. If unable to afford homes near their jobs, families are forced to live farther from their places of employment. They must spend more time commuting and thus spend less time with their families. In addition, they are spending a larger portion of their income on work-related travel expenses. The increase in long commutes also creates more air pollution.

Who are the people in Gig Harbor that are affected by the housing affordability problem? They are a large part of the city’s workforce. Those affected are retired senior citizens, single people, and large and small families. Below are some examples of individuals and families that experience housing affordability gaps using actual Gig Harbor salaries.

# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

## VERY LOW-INCOME HOUSEHOLDS (<\$29,452)

### Senior on Social Security

Total Annual Income	\$13,138
Maximum Home Mortgage	\$39,414
Maximum Monthly Rent	\$328



### Single woman working full time as an office clerk

Total Annual Income	\$28,562
Maximum Home Mortgage	\$85,686
Maximum Monthly Rent	\$714



## LOW-INCOME HOUSEHOLDS: \$29,453–\$47,122

Father, full-time security guard	\$24,981
Mother, full-time physical therapist aide	\$21,741
Three children	
Total Annual Income	\$46,722
Maximum Home Mortgage	\$140,166
Maximum Monthly Rent	\$1,168



# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

**Single Mother works full time as a real estate agent**

Two children

Total Annual Income **\$38,543**

Maximum Home Mortgage **\$115,629**

Maximum Monthly Rent **\$964**



## MODERATE INCOME HOUSEHOLD: \$47,123–\$67,738

**Father – medical records technician** **\$35,155**

**Mother – administrative secretary** **\$31,377**

Two children

Total Annual Income: **\$66,532**

Maximum Home Mortgage **\$199,596**

Maximum Monthly Rent **\$1,663**



**Father – full-time firefighter** **\$60,278**

**Mother – stays at home with children**

Two children

Total Annual Income **\$60,278**

Maximum Home Mortgage **\$180,834**

Maximum Monthly Rent **\$1,507**



# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

The previous examples of the affordability gap experienced by many members of the Gig Harbor workforce support the idea that the housing affordability problem is not just one of the extremely poor. Families and individuals that work full-time jobs to earn a living are increasingly unable to afford homes. These members of the workforce also happen to be vital to the city’s economic well-being and are essential to the community’s daily functions. Ensuring affordable housing choices for the workforce, which includes low- and moderate-income households, is essential for the long-term vitality of the city and its residents.

## NATIONAL TRENDS THAT AFFECT GIG HARBOR’S HOUSING MARKET

This year we are witnessing the dramatic implosion of the national housing market. Many factors contributed to this crisis. A few national studies shed light on aspects of this issue.

In January of 2008, the Center for Housing Policy, the research affiliate of the National Housing Conference, released a study entitled *Paycheck to Paycheck: Wages and the Cost of Housing in America*. The study compared housing costs in 210 U.S. metropolitan areas with the wages earned by workers in 60 occupations. They specifically looked at the five highest growth occupations (registered nurses, retail salespersons, customer service representatives, food preparation workers, and office clerks), in order of growth. Based on median annual income for each high-growth occupation, the study found that homeownership without cost burden (paying in excess of 30 percent of wages for housing) was impossible for all five occupations in the majority of the 210 metro areas studied, including the Seattle area.

**TABLE 10  
UNAFFORDABLE HOUSING MARKETS BY OCCUPATION**

Housing Type	Number of Unaffordable Markets for Each Occupation, 2007
Homeownership (201 markets)	<p><b>#1: Registered Nurses</b> – 108 metro markets</p> <p><b>#2: Retail Salespersons</b> – all 201 metro markets</p> <p><b>#3: Customer Service Reps.</b> – 185 metro markets</p> <p><b>#4: Food Prep. Workers</b> – all 201 metro markets</p> <p><b>#5: Office Clerks</b> – 196 metro markets</p>
Renting a Two-Bedroom Apartment (210 markets)	<p><b>#1: Registered Nurses</b> – 0 metro markets</p> <p><b>#2: Retail Salespersons</b> – all 210 metro markets</p> <p><b>#3: Customer Service Reps.</b> – 41 metro markets</p> <p><b>#4: Food Prep. Workers</b> – all 210 metro markets</p> <p><b>#5: Office Clerks</b> – 94 metro markets</p>

Source: Center for Housing Policy, *Paycheck to Paycheck: Wages and the Cost of Housing in America*, January 2008



# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

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Continuing in that trend, a 2007 eFinanceDirectory report entitled *The Dangerous Disconnect Between Home Prices and Fundamentals* found that national median home prices have increased by more than 45 percent in the last decade (when adjusted for inflation). Median wages per worker have only increased by 10 percent in the same period. This trend means individuals who are making the median household income cannot afford to buy a median-priced home in most markets nationwide. The study also found home prices have far outpaced rent increases, rising 45 percent in the last 10 years. In the same time period, rents, like wages, increased by only 10 percent. Nationally, it now costs 60 percent less to rent than it does to buy. Even as homeownership costs increased, rental rates declined as many new homeowners entered the inflated real estate market.

Finally, an October 2008 report by the Center for Housing Policy entitled *Stretched Thin, the Impact of Rising Housing Expenditures on America's Owners and Renters* examined the cost factors that led to a disproportionate increase in housing costs over other categories of household expenditures. The report analyzed the period from 1996 to 2006. The analysis revealed over that period, a growing share of household income was devoted to housing. By 2006, homeowners nationally devoted 26.2 percent of their income on housing. The same year, renters paid 29.4 percent of their income toward housing costs. The report stated nearly one in six of all households spent more than 50 percent of their income on housing in 2006, well above even the definition for severely cost-burdened at 35 percent.

The *Stretched Thin* report notes the increase in housing expenses between 1996 and 2006 far exceeded increases in other essentials. From 1996 to 2006, all major categories of homeowner expenses increased faster than incomes. For example, while incomes for owner-occupied households rose 36.3 percent, housing expenses increased by an average of \$5,314 (65 percent) during this period, substantially more than food (\$1,413, or 30 percent) and transportation (\$2,126, or 33 percent) and even outpacing healthcare (\$996, or 56 percent). Mortgage payments increased 46 percent, utilities 43 percent, property taxes 66 percent, and property insurance 83 percent. The study found rental costs also increased faster than incomes. Rents increased by 51 percent between 1996 and 2006, while renter incomes increased only 31 percent over the same period.

To some extent, every real estate market is local. However, no area can expect to be unaffected by the issues and trends of the current national housing market and its attendant credit crisis. Gig Harbor mirrors national trends in that the median home for sale far exceeds the buying capacity of the median household. It is also similar to the national trends with respect to rental rates. It is still possible for a household with a median income to find adequate housing in Gig Harbor.



# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

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## THE NEXT PHASE

The Housing Needs Analysis identified population, income, and housing characteristics and defined the affordability gap in Gig Harbor. PMC recommends a second phase of this project to identify the City's constraints and opportunities for the provision of affordable housing. The outcome of the second phase of this analysis may suggest new policies, amend existing policies or development regulations, and provide recommendations for the implementation of these affordable housing policies and programs. Tasks will include the identification of factors contributing to the future housing needs in Gig Harbor, a review of special needs housing, and an analysis of the governmental and non-governmental constraints to housing development in Gig Harbor.

## IMPLEMENTATION OF AFFORDABLE HOUSING GOALS, POLICIES, AND PROGRAMS

The second phase of the work will evaluate possible options to meeting the City's affordable housing goals and policies and the GMA affordable housing requirement. It will identify possible resources and incentives to promote the production and retention of affordable housing. The second phase of work will result in recommendations for new policies and goals. It will suggest means of crafting a program that provides opportunities for developing affordable housing in the community without acting as a constraint to the development of housing. The goal of this type of program is to develop a mix of housing types targeted to different income groups.

Ideally, affordable housing initiatives and programs should be flexible and financially feasible. Possible incentives that may be recommended for inclusion are:

- Financial assistance (based on availability of federal, state, local foundations, and private housing funds);
- Expedited development review;
- Streamlined development application processing;
- Modification of development requirements, such as reduced parking standards for seniors, assisted care, and special needs housing on a case-by-case basis; and
- Other incentives that meet the intent of the City's mixed-income housing provision identified via the City-sponsored stakeholder meetings.

# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

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The program may also recommend potential affordability terms, possible restrictions on “for sale” units, rental units, and overall enforcement of this program.

## SCOPE OF WORK

The City must consider several factors in its determination of the appropriate policies, code revisions, and programs to support its affordable housing goals. The second phase of the project must delve more deeply into the future development potential of affordable housing in Gig Harbor. To accomplish this, the next phase of this process should include an analysis of the following factors.

### **Factors Contributing to the Future Housing Needs of Gig Harbor**

This second phase of the process should provide a more thorough analysis of the existing housing characteristics, types, affordability, and tenure. Specific areas of research and analysis should include an analysis of where low- and moderate-income households reside in Gig Harbor. Factors to consider are the present distribution of population into mobile home parks, multi-family housing, for-rent single-family homes, group homes, special needs homes for the disabled and elderly, and existing dedicated affordable housing projects. The second phase must look at the availability of each of these housing options in terms of quantity of units, size of units, and housing affordability. This evaluation must also include an analysis of proposed projects and potential locations for new or rehabilitated affordable housing.

### **Aging in Place**

Gig Harbor’s senior population comprises approximately 20 percent of its residents. The U.S. Census shows an average tenure for all households in Gig Harbor at 7 years. Turnover among Gig Harbor’s homeowners is relatively infrequent. Given this fact, there is evidence to suggest Gig Harbor may have a significant percentage of homeowners who bought homes prior to the housing price run-up earlier in the decade. Many of these homes may be worth much more today, even with falling house prices, than these homeowners could afford to pay at today’s market prices. The next phase of this work should attempt to identify cases in which a home may not be affordable at today’s rates, but is affordable by virtue of having been purchased when housing prices were lower. The study should also provide recommendations for preserving this housing as affordable for those residents who choose to age in place.

# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

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## **Gentrification**

Gentrification is a demographic shift in an area as higher-income residents move to previously affordable neighborhoods. As incomes in an area rise, home prices tend to increase. Eventually, gentrification can lead to the displacement of existing residents as increased property values drive up property taxes and other housing-related services and costs. The high median home price coupled with a lower median household income suggest gentrification may be a serious concern in Gig Harbor, particularly as the children of long-time residents seek to establish their own homes. The next generation of Gig Harbor natives may not be able to afford to live in their hometown.

## **Special Housing Needs**

Household groups with special needs include seniors, mentally and physically disabled persons, large families, female-headed households, agricultural workers, and homeless persons. Households with special housing needs often have greater difficulty finding decent and affordable housing. As a result, these households may more frequently experience cost burdening, overcrowding, and various other significant housing problems. The second phase of this project should include a more in-depth analysis of the number of residents with special housing needs, their level of need, the type of housing available today at affordable and market rates, and the unmet need for special needs households today and in the future.

## **Disabled Persons**

Disabilities include, but are not limited to, physical and mental disabilities. Some physical, mental, or developmental disabilities may prevent a person from working, restrict a person's mobility, or make caring for oneself difficult. Therefore, disabled persons often have special housing needs related to their potentially limited earning capacity, their need for accessible and affordable housing, and the higher health costs associated with their disabilities. Additionally, people with disabilities require a wide range of housing choices, based on the type and severity of their disability. Housing needs can range from institutional care facilities to facilities that support partial or full independence (e.g., group care homes). Supportive services such as living skills training and employment assistance may need to be integrated into the housing situation. Housing may need to be physically accessible as well, to accommodate people with physical disabilities. Examples of accessible features in housing include widened doorways and hallways, ramps, bathroom modifications (e.g., lowered countertops, grab bars, adjustable showerheads), and special sensory devices including smoke alarms and flashing lights. The next phase of the analysis should review whether there is housing available to accommodate a range of disabilities and assistance needs as well as incomes.

# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

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## Senior Households

Senior households have special housing needs primarily as a result of physical disabilities or limitations, reduced incomes, and increased health care costs. Senior households may also need in-home support services, assistance with personal care and financial affairs, and networks of care to provide a wide variety of services and daily assistance. About 20 percent of Gig Harbor residents are aged 65 or over. As the state and national population continues to age, the distribution of seniors in Gig Harbor may also increase. The next phase of this analysis should analyze the need for future senior housing, both affordable and market-rate.

## Single-Parent and Female-Headed Households

Single-parent households are male- or female-headed households with children under the age of 18 living at home. Single-parent households generally have lower disposable incomes than two-parent households, meaning that their necessary expenses are a larger portion of their total incomes. Therefore, finding affordable, decent, and safe housing is often more difficult for single-parent and especially female-headed households. Single-parent and female-headed households may also have special needs involving the availability of daycare or childcare, health care, and other supportive services.

## Large Family Households

Large family households are defined as households containing five or more persons. They are considered a special needs group because there is a limited supply of adequately sized housing to accommodate their needs. Generally, as the number of household members increases, the number of bedrooms needed to accommodate the household also increases. For example, a five-person household would require three or four bedrooms, and a six-person household would usually require four bedrooms. According to the 2000 Census, 5 percent of all households in Gig Harbor included five or more persons. In 2008, approximately 168 households were large family households.

## Governmental and Non-Governmental Housing Constraints

Various interrelated factors may constrain the ability of the private and public sectors to provide adequate housing that meets the housing needs for all economic sectors of the community. These constraints can be divided into two categories: governmental and non-governmental. Governmental constraints consist of land use controls, development standards, processing fees, development impact fees, code enforcement, site improvement costs, development permit and approval processing, and provision for a variety of housing. Non-governmental constraints include land availability, environment issues, vacancy rates, land cost, construction costs, and availability of financing.

# CITY OF GIG HARBOR HOUSING NEEDS ASSESSMENT

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## **National Housing Trends**

No analysis of housing needs performed today or in the next several years can ignore the effects of national housing trends. Nationwide, and in Pierce County specifically, foreclosure rates are historically high. This trend will undoubtedly change the housing landscape and reorder priorities for the provision and preservation of both affordable and workforce housing.

## **IN SUMMARY**

Gig Harbor has many challenges ahead to be successful in providing workforce and affordable housing in today's climate. Though housing prices will exceed the ability of the median household to afford, there is still affordable housing to be found in the Gig Harbor rental market. Housing prices are adjusting downward in response to the end of the housing bubble. However, Gig Harbor is unlikely to see price drops that are significant enough to bring the cost of homeownership within reach of most households.

This Housing Needs Assessment provides a basis for identifying the affordable housing gap in Gig Harbor. The next step will be to delve more deeply into the various components of the affordable housing challenge. The second phase will provide a comprehensive review of the types of households that need affordable or special needs housing and the factors contributing to the future housing needs in Gig Harbor, including national trends, and identify the governmental and non-governmental constraints affecting the provision and preservation of affordable housing in the city. The second phase will review current affordable housing developments and Gig Harbor's goals, plans, and policies to provide a mix of housing types and price points. It will identify possible resources and incentives to promote the production and retention of affordable housing. It will also result in recommendations for new policies and goals and suggest a means of crafting a program that provides opportunities for developing affordable housing in the community.