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# I. Highlights - - - - 2007

## Puget Sound Economy: Growing Again

The economy was charging ahead in 2006 and early 2007 as King County left the recession behind. An economic downturn had begun abruptly in early 2001, and continued for four difficult years. A sequence of events, including the February 2001 Nisqually earthquake, the September 11 attacks, Boeing's headquarters move to Chicago, and the dot-com bust triggered the region's worst recession in 30 years. The recession culminated with a reduction in force at Boeing totaling 26,000 jobs. Altogether, the King County economy lost more than 80,000 jobs, or 7% of our year-2000 employment. The unemployment rate increased from barely 3% in 1999 to well over six percent in 2003. The rest of the nation started recovering from recession by 2002, but we struggled until 2004. As a result, population growth slowed to a trickle when the job opportunities were everywhere but here.

Since 2004, the situation has improved markedly. King County has gained back nearly all of the lost jobs, to a total of 1,176,000 nonfarm wage and salary jobs in 2006. Unemployment stands at 4.0 percent as of July, 2007. However, some of the new jobs are lower paying than the jobs lost during the recession. There are now far fewer manufacturing jobs, with their high wages, than in 1998, the peak when there were 138,000 such jobs. Income and wage data verify that "real" wages (accounting for inflation) have been flat since 2001, and real wages for the lowest-paid workers have lost ground despite legislated increases in minimum wage.

Three years of economic downturn profoundly affected the demographics of King County. State population estimates for cities and counties showed only modest increases in population after 2001. From 2001 to 2004, there is evidence that more people moved out of King County than in, and evidence that families with one or more members out of work looked elsewhere for employment. Many cities in King County showed a slight decline in population for the first time in decades. Besides the sluggish economy, other factors contributed to the slowing growth. Notably, the flow of immigration from overseas has dipped somewhat. Many immigrant households, who depend on two or more workers to make ends meet, may be struggling because they are more likely to have lost jobs in this difficult economy. House prices remain high, but have not fallen, in contrast to the home-price effects of the subprime mortgage crisis in the rest of the nation.

In 2007, the King County economy was running on all cylinders, and population growth responded in kind. King County's April 2007 population is estimated at 1,861,300 following two years of substantial increases. According to the State estimates, the growth is evenly distributed among the many jurisdictions in King County. In downtown Bellevue and downtown Seattle, office vacancy rates have begun to come down, and construction has resumed. The massive Lincoln Square development in Bellevue is nearing completion, changing the face of downtown Bellevue. Unemployment has come down a full point to less than 4%. In mid-2007, aerospace employment in the Puget Sound region stood at 76,000, with about 45,000 of that in King County, up considerably from the bottom in 2004. Although well below its record employment levels, the aerospace sector continued to provide high wages to local workers – bolstered by work on the 787 Dreamliner project.

Manufacturing industries other than aerospace were also hit hard by the recession, and now employ 69,000 workers in King County, down 12% from their robust 2001 numbers. Computer and electronic products were particularly hard-hit. In

software, Microsoft remains strong, and other parts of high tech have now fully recovered. Most non-manufacturing sectors are now above 2001 levels. Services, including educational, health and professional services have grown above their 2001 employment. However, retail and finance are still struggling to return to pre-recession employment levels. Thus the complete picture is mixed, with some bright spots and many industries poised to grow in coming years. At the end of 2007, the nationwide turmoil in the housing and financial sectors leaves us with a great deal of uncertainty about whether our growth can be sustained. Although our region is doing better than the nation so far, it is too early to know what the local impacts of this turmoil will be.

## King County Population Exceeds 1.8 million

The 2000 US Census counted 1,737,034 persons in King County on April 1, 2000. This number was an increase of nearly 230,000 or 15 percent above the 1,507,319 counted a decade earlier. The county has gained another 124,000 persons, more than seven percent, since the 2000 Census to an **April 2007** estimate of **1,861,300**.

### Population of 30 Largest US Counties, 2006

Rank, 2006	County and State	Population, 2006	% Change, 2000-2006	Rank, 2006	County and State	Population, 2006	% Change, 2000-2006
1	Los Angeles County, CA	9,948,081	4.5%	16	Clark County, NV	1,777,539	29.2%
2	Cook County, IL	5,288,655	-1.6%	17	Santa Clara County, CA	1,731,281	2.9%
3	Harris County, TX	3,886,207	14.3%	18	Tarrant County, TX	1,671,295	15.6%
4	Maricopa County, AZ	3,768,123	22.6%	19	New York County, NY	1,611,581	4.8%
5	Orange County, CA	3,002,048	5.5%	20	Bexar County, TX	1,555,592	11.7%
6	San Diego County, CA	2,941,454	4.5%	21	Suffolk County, NY	1,469,715	3.5%
7	Kings County, NY	2,508,820	1.8%	22	Middlesex County, MA	1,467,016	0.0%
8	Miami-Dade County, FL	2,402,208	6.6%	23	Alameda County, CA	1,457,426	0.9%
9	Dallas County, TX	2,345,815	5.7%	24	Philadelphia County, PA	1,448,394	-4.6%
10	Queens County, NY	2,255,175	1.2%	25	Sacramento County, CA	1,374,724	12.4%
11	Riverside County, CA	2,026,803	31.2%	26	Bronx County, NY	1,361,473	2.2%
12	San Bernardino County, CA	1,999,332	17.0%	27	Nassau County, NY	1,325,662	-0.7%
13	Wayne County, MI	1,971,853	-4.3%	28	Cuyahoga County, OH	1,314,241	-5.7%
14	<b>King County, WA</b>	<b>1,826,732</b>	<b>5.2%</b>	29	Palm Beach County, FL	1,274,013	12.6%
15	Broward County, FL	1,787,636	10.1%	30	Allegheny County, PA	1,223,411	-4.5%

King County, with nearly one third of the State's population, is Washington's growth and economic engine. The County gained nearly one fourth of the State's growth during the decade of the '90s, and about one-fifth so far this decade. Highlights about King County population and growth include:

- The rate of population change was slightly slower in the 1990s (15%) than in the 1980s (19%).
- More than 90 percent of the growth during the 1990s occurred in Urban-designated western King County, with the result that most of the population is still located in the western third of the county.
- Seattle continues to hold nearly one third of the County's total population, and Seattle gained more than one fifth of the Countywide growth during the decade.
- Since 2000 south King County had the biggest share of the County's population growth, more than half, and the South remains the largest of three subareas with more than 630,000 residents. The South King County population growth was

### King County Geography

*King County, covering 2,130 square miles, is the size of Delaware, but much more geographically diverse. It extends from Puget Sound in the west to 8,000-foot Mt Daniel at the Cascade crest to the east. King County contains a wide variety of landforms including saltwater coastline, river floodplains, plateaus, slopes and mountains, punctuated with lakes and salmon streams. Lake Washington, covering 35 square miles, and Lake Sammamish with 8 square miles are the two largest bodies of fresh water. Vashon Island in Puget Sound and Mercer Island in Lake Washington provide different island environments – one rural, one urban.*

*King County has a variety of land types or land uses including urban residential, intensive commercial and industrial areas, farms and woodlots, commercial forest, rock, and glacier. Thousands of years ago, ice-age glaciers formed the north-south trending shapes of our lakes and hills, making east-west travel more difficult than north-south travel. Four major river basins with salmon-bearing streams are separated by steep-sided plateaus whose slopes are subject to landslides and erosion, complicating the construction of homes, businesses and roads.*

somewhat surprising because housing construction had lagged behind the Eastside during the decade.

- The Eastside and South King County each grew at similar rates, about 20% over the decade.
- Seattle's growth rate increased during the 1990s after turning around a 30-year decline through the mid-80s; it seemed remarkable for a central city to gain after years of population loss. Seattle has continued to gain population since 2000.
- Urban centers in Seattle and Bellevue showed the most dramatic growth, while smaller centers in Renton, Kent, Auburn and Kirkland gained substantial numbers of new residents.
- Rural portions of King County mostly grew at a relatively slow rate. The Rural-designated areas gained only 20,000 persons to a 2000 population of about 136,000 or 8% of the county total. Communities such as Vashon Island, Hobart and the Snoqualmie Valley (outside the cities) grew more slowly than had been predicted early in the 1990s. Since 2000, the growth of Rural areas has continued at a slow pace of perhaps 1,000 persons per year.

**Race and Ethnicity:** Beyond total growth numbers, the other major story of the last few years is the increase in diversity in King County. The 2000 Census found that fully 27 percent of King County residents were persons of color. Data from the Census Bureau's 2006 American Community Survey (ACS) confirm a continuing increase in diversity. Non-Hispanic whites are the slowest growing racial group, gaining only 1.5% to 2000, and then decreasing slightly. Between 1990 and 2000, the Hispanic or Latino population more than doubled and by 2006 had reached 7.2% of the population at more than 131,000. The Asian population has also doubled to more than 239,000 persons in 2006. The African- American population grew less rapidly, about 38% since 1990. The Native American population remained the same at about 15,000, although another 17,000 persons reported themselves as partly Native American, reporting more than one race.

In recent years, Seattle has become somewhat more diverse, but the dispersion of persons of color *outside* Seattle was the significant trend. At 22 percent Asian, Bellevue has the highest Asian percentage. South King County experienced the most dramatic increase in diversity, with minority populations doubling and tripling in several communities. Tukwila has the largest percentage of minorities, 46%. Burien, SeaTac and Federal Way have large Pacific Island communities as well as black, Latino and Asian populations. Data from the 2006 American Community Survey on the foreign-born population reveal that much of the increase in diversity is due to immigration, especially from Asia. Countywide, the foreign-born population more than doubled, to an estimated 363,000 persons in 2006. School district data on languages confirm the presence of large immigrant populations in many King County communities.

**Age:** The baby boom is maturing into middle years with the age category 45-54 growing the most rapidly at 59%. The senior population as a whole is not growing rapidly, although the over-85 population increased by 44%. The number of preschoolers is stable at 105,000, hardly growing during the decade. The population of children (under 18) remained at about one fourth of the total, with most of the decade increase among older children.

### King County Demographics

*With more than 1,861,000 people, King County is the largest county in Washington State and the 14<sup>th</sup> largest in the nation. The County has more population than ten States including Montana and Nebraska. As a populous large county with a major central city, King County comprises the majority of its metropolitan area, the "Seattle-Bellevue-Everett" metro area of more than 2.5 million persons. King County exhibits growing diversity: 69% of the population is non-Hispanic white, 14% Asian or Pacific Islander, 6% African-American, 1% Native American and 7.2% Latino. We also have an aging population with a median age near 38. More than 193,000 persons, 11% of the population, are now over age 65. King County's population has grown by 23% since 1990, a modest rate compared with Sunbelt metro areas and nearby Puget Sound counties. However, given the large population already here, the growth numbers are significant. The increase in County population just since 2000 – 124,000 -- is equivalent to the total current population of the city of Bellevue. King County is forecasted to grow by an additional 188,000 persons (10%) to about 2,049,000 in 2022.*

*The number of housing units in King County is growing as fast as our population. The 2000 Census counted 742,000 houses,*

## HOUSEHOLD TYPES, 2006

**Households:** King County gained 95,000 households during the decade to a 2000 Census total of 711,000, and added another 41,000 households by 2006. As in 1990, King County has more single person households than family households consisting of a married couple with children. The number of married couples without children at home exceeds the number with children. Single parent households are a smaller percentage of the population in King County than nationally – and smaller in Seattle than in the suburbs. After decades of decline, average household size has stabilized at 2.39, essentially the same as the 2.40 in 1990. Average household size continued to decline in many Eastside communities, while remaining stable in Seattle and actually increasing in several South King County cities.

◆	Married with children	156,800
◆	Married, no children	189,700
◆	Single Parents, other family	95,400
◆	Single-person households	245,900
◆	Other Households	64,100

**Housing:** The 2006 American Community Survey estimates that King County now has more than 803,000 housing units, an increase of 61,000 or 8.3% since 2000. About 484,500 units or 60% of the housing stock consists of single family, including both detached houses and attached townhouses. The number of multifamily units – apartments and condominium units – increased to 302,000, or 38% of the housing stock. The estimated home ownership rate increased to 61.9%, up from 59.8% in 2000 and 58.8% in 1990. As of 2006, fully 465,000 households in King County own their home, while the number of renters stayed constant at about 286,000. It is unclear how many recent home buyers may have been caught up in the problems of the housing and lending industries in late 2007. Median single-family house value has risen 66% just since 2000, to an estimated \$394,000 in 2006. The increase far outstripped inflation and the growth of income during that period, and means that many households are paying a large share of their income for housing. Average rents, meanwhile, rose just 15% to \$875.

**Educational attainment:** King County is a highly educated community in which more than 90% of the adult population has graduated from high school, and 40%, or 475,000 people, have a college education. An additional 280,000 have attended college but do not have a degree. Educational levels are even higher in Seattle, where 47% of adults have a college degree. Data from the American Community survey indicate that since 2000, educational attainment has increased even more. However, the most recent data on high school graduation shows that only two-thirds of King County public school students graduate “on time” with their class. Graduation rates are a serious issue for almost every district in King County.

**Languages and Country of Origin:** The 2000 Census reported 63,000 persons over age five (3.9% of the population) who do not speak English well or at all. This number is more than twice the corresponding number in 1990, reflecting the significant amount of immigration that occurred in the last decade. Almost half of this linguistically isolated population speaks Asian or Pacific Island languages, including Chinese with 37,300 speakers; Vietnamese with 24,100 – triple the 1990 number; Tagalog with 21,200; and Korean with 16,300 speakers. The diversity of European languages also increased greatly, especially Russian which multiplied six-fold to 11,300, and Spanish which now has more than 69,000 speakers.

*apartment and condo units and mobile homes, an increase of 95,000 units (15%) since 1990. The increase in housing since 1990 is almost evenly divided between single family including mobile homes (+49,000) and multi-family (+46,000 new units).*

*Household size has stabilized after declining in the 1970s and 1980s, and is now estimated at 2.39 persons per household. Slight declines in household size are anticipated in coming years, to about 2.30 by 2020. Housing prices, both rents and purchase prices, trended upward in the 1990s: median house price rose 69% from \$140,100 to \$236,900 in 2000, and median rent increased from \$509 to \$758.*

### King County Economy

*Employment growth is a driver of King County’s population and housing growth. More than 1.1 million workers are employed within the borders of King County, at nearly 54,000 business establishments. With more than 40% of Washington State’s jobs and payroll, the County is truly the economic engine of Washington and the Pacific Northwest. With a 2005 payroll exceeding \$55 billion, the King County economy is larger than that of several US states. The US Census reported King County’s median household income at \$63,000 in 2006, well above the state and national medians.*

Between 1990 and 2000, the foreign-born population nearly doubled to 268,300 – 15% of the King County population. Immigrants to King County came from literally all over the world, with Mexico (29,300), China (26,800), Vietnam (25,900), and the Philippines (24,300) sending the most people. King County has 7,200 residents from the Ukraine and 5,500 from Russia – both big increases from the 1990 Census. Since 2000, all of these numbers have increased as immigration has continued, although at a somewhat reduced rate after 2001.

**Income:** Median household income is the most widely used single measure of income. The 2006 ACS reported that median household income was about \$63,500, up 19 % from the 2000 Census. Inflation reduced the “real” increase to about 3% - still an increase in contrast to the “real” decline during the 1980s. The median, however, does not portray the breadth of the income distribution. More than one third of King County households reported more than \$75,000 income, and almost one third reported incomes under \$35,000. Every community and every ethnic group has households with high and low incomes. However, there is still an income disparity by race. The median for African-American households is \$35,172, a third less than the overall median; Native American and Hispanic households reported even similar incomes. Data from the 2000 Census and the American Community Survey (ACS) point to a bisected pattern of income change: the numbers of well-to-do households (over \$100,000 per year) are increasing rapidly, the numbers of poor households (under \$25,000) are also increasing, but the middle class is shrinking. Just since the 2000 Census, King County has lost 27,400 middle class households making \$25,000 to \$75,000 while gaining 57,000 households in the highest brackets.

**Poverty:** King County's population below the poverty level increased even as the overall income increased. The 2000 Census reported that 142,500 persons or 8.4% of the population were below poverty thresholds in 1999, a slight increase from the 8.0% of the 1990 Census. An additional 192,000 persons reported incomes below 200% of the official poverty thresholds, still very low income. In the recession that has occurred since the 2000 Census was taken, the numbers of poor persons have increased dramatically: the 2006 ACS estimates that 9.5% of the King County population is below the poverty level – more than 170,000 individuals.

**Commuting data:** More than 900,000 King County residents reported commuting to work in 2000, 106,000 more than a decade ago. 69% of these commuters drove to work alone, a smaller share but a larger number than in 1990. Almost 10% took public transportation, a larger share than in 1990. Bus ridership increased nearly 25%. From 1990 – 2000 average commute time went up by two minutes to 26.5 minutes, but had declined to about 25.0 minutes according to the 2002 US Census survey. The majority of King County households had two or more vehicles, but 66,000 households or 9.3% had no vehicle available.

**Average Wages:** The Washington State Employment Security Department reports average (not the more meaningful median) wages paid to employees covered by unemployment insurance. The average King County wage for 2006 was \$53,500, up about 13% from 2000. However, it is instructive to separate the approximately 43,000 software employees in King County from the remaining 1,107,000 workers. This four percent of all King County workers, at Microsoft and 400 other packaged-software companies took home 9 percent of the County's total payroll in 2005, about \$4.9 billion including stock options. That was an average of \$111,000 each in 2005. The remaining 96 percent of workers averaged \$47,600 in 2005, still up a healthy 18% from \$40,200 in 2000. It is clear that since the heady days of the dot-com boom, wage growth has been somewhat more broadly distributed.

*During the 1990s, the number of jobs grew faster than population and housing, from 900,000 in 1990 to nearly 1,200,000 in 2000. Most workers at these jobs live in King County, but an increasing number commute in from Snohomish, Pierce, and other counties. Manufacturing employment has remained strong despite the ups and downs of aerospace, our largest sector. The composition of the economy is shifting from the traditional manufacturing and resource bases to high tech, services and trade, both local and international. The computer services industry now employs as many as aerospace, although it, too has lost ground.*

*The King County economy remains quite cyclical, losing 80,000 jobs between 2001 and 2004, but regaining most of the losses by 2007.*

### King County Jurisdictions

*Governmentally, King County is divided into 40 jurisdictions. As of 2005, there are 39 cities ranging in size from Seattle with 586,000 and Bellevue with 118,000 to Skykomish and BeauX Arts with fewer than 400. Since the 1990 Census when Federal Way and SeaTac were new, eight new cities have incorporated, shifting 160,000 people into city limits. Several older cities have annexed large communities. King County's 39 cities cover 379 square miles or 18% of the County's total land area. Each city has a mayor and city council.*

## Buildable Lands in King County

In 1997, the Washington State legislature adopted the Buildable Lands amendment to the Growth Management Act (GMA), RCW 36.70A.215. The amendment requires six Washington counties including King County, together with their cities, to prepare a review and evaluation report every five years. The 2007 King County Buildable Lands Report contains data on 5 years of development activity (2001-2005) along with an updated analysis of land supply and capacity (2006) to accommodate household and job growth targets. Findings are reported for the Urban Growth Area (UGA) as a whole, each of 4 urban subareas, and each city. Based on the results of the Buildable Lands evaluation, “reasonable measures” may be required in order to ensure sufficient capacity for planned growth.

The GMA requires designation of Urban Growth Areas to “include areas and densities sufficient to permit urban growth that is projected to occur in the county for the succeeding 20-year period” (see RCW36.70A.110). The Buildable Lands evaluation represents a mid-course check that this important GMA requirement is being met in King County. The focus of the evaluation therefore is on the designated Urban areas of King County and growth targets for those areas as established in the Countywide Planning Policies (CPPs).

The 2007 King County Buildable Lands Report (BLR) is the second five-year evaluation prepared by the county and its cities in response to the Buildable Lands amendment. The first report was submitted to the State in 2002.

The Buildable Lands Reports in both 2002 and 2007 were the result of extensive collaboration of all 40 jurisdictions in King County, achieved through technical coordination, use of a standardized methodology, and oversight by the Growth Management Planning Council of elected officials. Such coordination ensured that the 2007 Buildable Lands analysis was carried out in a broadly consistent and comparable manner throughout King County, while allowing for limited local variations to account for differing land use and market characteristics, data resources, and local land use policies. For more on procedure, methodology and findings, see page 65 in the King County Cities chapter.

*Unincorporated King County, the territory outside any city, now has about 368,000 people or 20% of the County’s population, on 82% of its land area. Most of that population resides on the Seattle-sized portion within the Urban Growth Area designated by Growth Management. The unincorporated population is 170,000 smaller than it was at its peak in 1989 before the current spate of incorporations began. A very diverse area, unincorporated King County ranges from urban communities such as White Center, Kingsgate and Fairwood to tiny rural communities, to farmland, commercial forest, national forest and wilderness area with almost no residents. The County is governed by a home rule charter providing for a County Executive and a 9-member Council. The Executive and Council are responsible for governance in both countywide and unincorporated areas.*

### Major Findings of the 2007 Buildable Lands Report

Analysis of data on growth and development activity during 2001-2005 produced the following major findings:

- **Housing growth on track with targets.** King County jurisdictions added over 49,000 net new housing units within the UGA. Approximately half of the new housing was single family, half multifamily. Overall housing growth—within each subarea and within the UGA as a whole—is slightly ahead of pace to reach 2001-2022 household growth targets within the planning period.
- **Trend toward higher residential densities.** Single-family and multifamily residential densities permitted from 2001-2005 were higher than densities observed in development during the previous 5-year review period. UGA-wide, single-family development achieved 6.2 units per net acre in plats. Multifamily permits achieved 38 units per net acre. Net densities were calculated based on actual measurement of critical areas, rights-of-way and public uses in residential developments.
- **Mixed indicators of non-residential growth.** Data for the county as a whole show a net loss of approximately 25,000 jobs between 2000 and 2006, due to the recession of 2001-2004. Permitting of new commercial and industrial development, however, continued to occur throughout Urban King County, with permits issued for about 18 million sq. ft. of space in commercial zones and 10 million sq. ft. of space in industrial zones UGA-wide.

Analysis of data on land supply and development capacity, as of early 2006, produced the following major findings:

- **Residential land capacity.** The UGA contains approximately 22,000 net acres of land suitable for residential development to accommodate growth during the planning period. Based on current plans and regulations, achieved densities, and other factors, the UGA has capacity for about 84,000 single-family homes and about 205,000 multifamily units. Half of the UGA's residential capacity is in mixed-use zones.
- **Sufficient capacity for household targets.** Overall, the UGA capacity of 289,000 additional housing units can accommodate an estimated 277,000 households, more than twice the number needed for the 106,000 households of remaining growth target over the remainder of the planning period. Capacity sufficient to accommodate household targets exists within each planning subarea and within each jurisdiction as well.
- **Commercial and industrial land capacity.** The UGA contains more than 6,000 net acres of land suitable for non-residential development to accommodate job growth during the planning period. Based on current plans and regulations, actual densities, and other factors, the UGA has capacity for about 400,000 additional jobs in commercial and mixed-use zones and 123,000 jobs in industrial zones.
- **Sufficient capacity for job targets.** Overall, the UGA capacity for approximately 527,000 additional jobs is double what is needed to accommodate the growth target of approximately 267,000 jobs for the remainder of the planning period. There is sufficient capacity to accommodate job targets in nearly every jurisdiction.

The 2007 King County Buildable Lands Report is at [www.metrokc.gov/budget/buildland/bldlnd07.htm](http://www.metrokc.gov/budget/buildland/bldlnd07.htm)

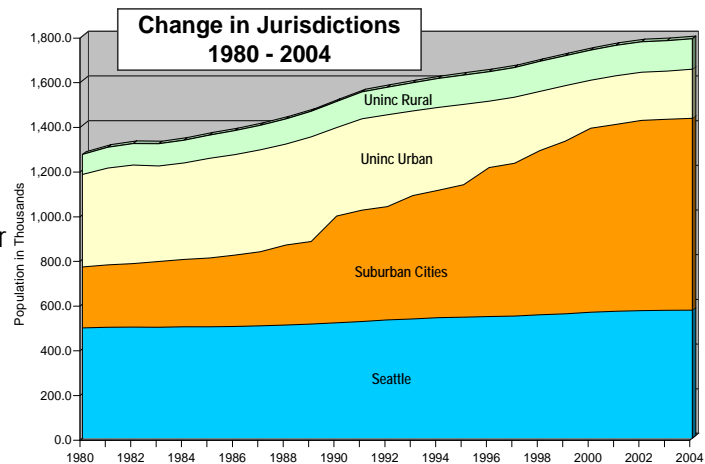
## Dramatic Shift of Population from Unincorporated King County into Cities

One of the most profound demographic changes of recent years has been the change in jurisdiction of large numbers of King County residents. In the eleven years between 1989 and 2000, nearly 330,000 persons "moved" from unincorporated areas into city limits, through incorporation of new cities and numerous annexations. More than that, this change in jurisdiction shifted the focus of energy and development activity into cities for the first time in decades. In 1989, almost 41 percent of King County residents lived in unincorporated areas, where the majority of King County residential development was occurring. At almost 600,000 people, unincorporated King County was the largest jurisdiction in Washington State. Seattle had been losing population for years, and many suburban cities were barely holding their own.

A total of ten new cities formed during an eleven year period, shifting a quarter million people into city limits. During the same period, another 70,000 persons annexed into existing cities. By 2000, the 2000 US Census counted just 350,000 people in unincorporated King County – barely 20 percent of the County total of 1,737,000. Some unincorporated communities had grown during the decade, but much of their growth had been annexed away. Now in 2007, the suburban cities outside Seattle contain more than 48% of the County's population, and more than half of the development activity.

The state Growth Management Act (GMA), adopted in 1990 and amended frequently, boosted the incorporation movement by stating that cities, not counties, were appropriate entities to provide services to urban development. That encouraged annexation of nearby urban neighborhoods by existing cities. The GMA also required the designation of Urban Growth Areas, providing concrete limits to city expansion. The presence of an Urban Growth boundary and the recognition of cities set the stage for infilling older communities that had been skipped over during an earlier era of building on the fringe. Also under the GMA, a dozen major Urban Centers were designated, all in cities. Several of these Urban Centers have grown rapidly, with public and private investment that has acted as a catalyst to more general city development. Now, nearly 80 percent of King County's new residential housing units are constructed in cities. Almost all commercial activity is in cities – unincorporated areas contain less than four percent of countywide jobs.

Governmental structure is changing to respond to this new configuration of growth. King County government is divesting itself of the urban services business, and moving to divide its services between “local”, mostly to Rural areas that cannot incorporate, and “regional” services to residents of the entire County. However, over 225,000 residents still live in Urban unincorporated King County – a population which would be Washington’s second-largest city if it were all in one place. This Urban but not city population is scattered among dozens of neighborhoods in western King County, some of them “islands” completely surrounded by cities.



Many of these remaining Urban unincorporated islands are claimed by an adjacent city as part of its future territory, also known as “Potential Annexation Areas” (PAAs). As budgets become tighter for all governments, the cost to County taxpayers of providing urban services to these remaining neighborhoods is rising, and threatening to compromise King County’s ability to provide regional services to all King County residents. In order to minimize service costs, there is an effort to annex the remaining Urban communities into adjacent cities, or for those areas to incorporate as new cities. The intent is that unincorporated King County will consist of only Rural and Resource areas, so the County government can focus on providing countywide “regional” services such as transit, health, courts and jail services.

In 2007, three large communities voted to annex to cities. Lea Hill and Auburn West Hill have added 15,000 persons to Auburn’s population, and the Benson Hill area with 16,000 people will join Renton in early 2008.

## Sixteen Years of Growth Management

The Growth Management Act (GMA), enacted by the State in 1990 and 1991, required comprehensive plans for each jurisdiction and for whole counties. The King County Countywide Planning Policies (CPPs) were initially adopted in 1992 and significantly amended in mid-1994 as an umbrella set of policies guiding growth in the entire county. The CPPs provided for an Urban Growth Area (UGA) and Urban Centers and set ambitious growth targets for each jurisdiction. The CPPs also specified that a Benchmark Program would monitor the success of the broad countywide policies. Later in 1994, the King County Comprehensive Plan was adopted, delineating the Urban Growth Area, Rural and Resource areas, and providing growth policies for unincorporated communities of King County. Together, these two Plans have helped shape a new kind of metropolitan county better suited to 21<sup>st</sup> century growth.

The Benchmark reports, companion reports to the AGR prepared under the auspices of the CPPs, analyze the success of King County’s growth management policies over the last ten years. Chapter 2 of this Annual Growth Report summarizes the most recent Benchmark information, showing progress in the following arenas:

- Accommodating the total population forecasted by the State;
- Focusing of development into the UGA and out of Rural areas;
- Growth of designated Urban Centers in cities of King County;
- Preservation of Resource areas, farm and forest land and critical areas including a major agreement to protect forest land in September 2004;
- Rehabilitation of habitat for salmon and other wildlife;
- Increased residential densities in Urban areas;



Twelve years ago, the 1994 Annual Growth Report described a pre-Growth Management King County where 13 percent of building permits and 15 percent of lots in new residential subdivisions occurred in Rural areas of the county. The 1994 AGR also portrayed a sprawling metropolitan county dominated by activity in unincorporated areas, where 47% of new residential construction and 57% of new lots occurred outside of city limits. This growth in rural areas and development of unincorporated areas, ill-suited to serve urban land uses, were among the factors that gave rise to the GMA.

## Growth Targets for the 21<sup>st</sup> Century

The Countywide Planning Policies (CPPs), adopted to implement the State Growth Management Act (GMA) in 1994, set “growth targets” for households and jobs. Each target was the amount of growth to be accommodated by a jurisdiction during the 20-year Growth Management planning period. The residential targets were expressed as a range of households and jobs for each jurisdiction to accommodate between 1992 and 2012.

The GMA requires a ten-year update of Growth Management plans. During the decade since the first set of targets was adopted, the jurisdictional changes described above have shifted much of the County’s population into cities. In 2002 and again at the end of 2007, the Washington State Office of Financial Management (OFM) published a new set of population forecasts for whole counties, out to 2025. These changes have prompted a process in King County to develop new growth targets by jurisdiction. New targets for the period 2001 – 2022 were prepared, and adopted in September, 2002.

The targets grow out of two principles: that each jurisdiction will take a share of the County’s required growth, and there will be an attempt to balance household and job growth in broad subareas of the County. The methodology removes Rural areas from consideration as locations of growth, and assigns Rural a small share of total household growth – 6,000 new households – to encourage most of King County’s growth to occur within the Urban Growth Area (UGA). The UGA is divided into three contiguous subareas (Seattle-Shoreline; the Eastside; South King County) and a fourth subarea consisting of six Rural Cities with their immediate surroundings. Shares of population and household growth were equated to shares of forecasted job growth in each of the three contiguous Urban subareas. The table on page 36 summarizes the countywide numbers, and page 52 has subarea detail. Another new set of growth targets will be developed by 2010, based on a late-2007 OFM population forecast for King County as a whole.

See the table of 2022 targets on page 66. The table shows 22-year household growth targets for each city and for unincorporated areas within the UGA. In addition, the adopted targets provide for annexation of the entire Urban area by specifying the number of households in potential annexation areas. As cities annex territory, the responsibility to accommodate a specific share of growth goes with the annexation. Before 2022, all of King County will be within city limits except for designated Rural and Resource Areas.

The job and household targets were crafted to keep employment and housing growth in balance among the three major subareas. During the 1990s boom, there was much concern about job growth in Seattle and the Eastside exceeding the capability of those areas to accommodate new households. Between 1990 and 2000, King County gained more than 250,000 jobs but only 95,000 housing units and households. Since 2000, with the recession, the relationship has reversed, while housing construction has continued. In the four years 2000 through 2003, King County lost 81,000 jobs but gained 45,000 new housing units. That brings the 14 year net change to 170,000 jobs and 140,000 housing units – in balance and in keeping with the long range forecasts.

Therefore, in comparing the actual growth to targets, it is important to remember the cyclical nature of Puget Sound growth. Recent permits have exceeded the annualized targets throughout the county. In the next few years, once interest rates stabilize, slower housing growth should bring us back to the 20–year forecasted trend. Long range prospects are for steadier, more moderate growth as opposed to the boom pace of the late 1990s.

Rural areas do not have a growth target, but rather an expectation of minimal growth consistent with the trend since 1999. The intent is to be able to accommodate all growth in the UGA, reducing growth pressure on Rural areas. The Rural area

forecast was set at less than four percent of Countywide growth, an average of under 400 units per year. In the years since the target was set, actual building construction in Rural and Resource designated areas was initially two to three times this annualized average. However, as a percentage of Countywide construction, Rural activity has declined: down to 4% of new housing units each year since 2002. This percentage is well below the 13 to 15% of earlier decades, and far less than Rural growth in other Puget Sound counties. Further, the 2000 Census found fewer than 136,000 persons in Rural areas, only 8% of the Countywide population and 9% of the 1990-2000 population growth.

## Rate of residential construction edges downward

The recession of 2001-2004, so visible in job trends, has barely affected residential construction. Permits for new houses and apartments have continued at around 11,000 new units per year each year since 2001, although they dipped in 2006.

Residential construction decreased 10% in 2006 to about 11,400 new houses and apartment units. Permits for single family construction have stayed remarkably consistent each year since 1993, at about 5,000 – 7,000 new houses in King County. This year was no exception at 5,700 new houses. Similar to last year, less than one third (29%) of the county's new houses were permitted in unincorporated areas. The cities of Seattle, Issaquah and Renton each permitted more than 400 new houses, while more than 1,600 new houses were authorized in unincorporated areas.

Multifamily construction is often much more volatile, responding to changes in the regional economy. In 2006, multifamily construction decreased to about 5,500 new apartments and condominium units, after a big jump in 2005. Total new construction is comparable to that in the mid-1990s, but well below levels of the late 1980s and late 1990s. Seattle completed more than 3,100 multifamily units, about the same as last year but well below the boom years around 2000.

The Puget Sound area recession and the emerging nationwide problems in the housing and lending industries have begun to affect subdivision activity. Countywide, the number of lots in new recorded subdivisions decreased 14% in 2006 to just over 3,500 new lots. Almost a third of the year 2006 recorded lots were in unincorporated King County. The Redmond Ridge Master Plan Development continues to record lots, making Bear Creek the community with the highest number of lots recorded, 463 new lots. The Soos Creek and Tahoma/Raven Heights areas each recorded about 200 new residential lots. Among the cities, plat development was widely distributed. The City of Issaquah among incorporated areas had the highest number of lots recorded with 338, mostly in the Issaquah Highlands and Talus Master Plan Developments. The Cities of Maple Valley, Renton and Seattle each had more than 200 new lots in plats. Covington, Federal Way, Redmond and Sammamish also had substantial numbers. Preliminary data for 2007 show a similar rate of development.

**Total New Residential Units Permitted Single Family and Multifamily 1980 – 2006**

