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**Appendix B: Housing Needs Assessment**

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# Des Moines

# Housing Needs Assessment

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**November 2022**

**Prepared for: City of Des Moines**

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# Executive Summary

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Washington Legislature requires jurisdictions across the state to plan for housing set by the Growth Management Act (GMA). In 2021, the legislature provided further direction to local jurisdictions to “plan and accommodate” for housing affordable to all income levels of the population. This substantially strengthens the need to plan for and encourage the construction of affordable housing.

A Housing Action Plan is a document approved by the legislature as the means for local jurisdictions to plan for and accommodate future growth within their communities. In addition, the 2021 King County Countywide Planning Policies (CPPs) further provides guidance as to how local jurisdictions within the county should plan for housing based on the 2019-2044 King County jurisdiction growth targets.

This Housing Needs Assessment (HNA) is the first product of a two-part Housing Action Plan for the City of Des Moines. The HNA provides the quantitative data and analysis required to understand Des Moines’s housing needs and serve as a foundation for policy recommendations to design implementable housing strategies in Des Moines. Below we identify the top trends of Des Moines demographic and housing market conditions that influence the type of housing needed.

## Demographic and Economic Top Trends

### Des Moines has experienced moderate population growth with particular growth among older and young adults.

- According to the Washington Office of Finance Management (OFM), Des Moines population in 2021 was 33,100. Since 2010, Des Moines population has increased by 3,427 residents or 12%. Compared to King County, Des Moines has grown at a much slower rate, 1.00% versus 1.55% AAGR respectively.
- Based on the Census Bureau American Community Survey (ACS) Children ages 0-17 comprised the largest cohort (21%) of residents in Des Moines followed by older adults (65 and older) (18%), and young adults aged 18-29 (16%). Since 2010, adults 65 years and older had the fastest growth increasing 18% followed by young adults aged 18 to 29 which increased by 17%. During this time period, adults aged 50-59 decreased by 27%.

### Des Moines has grown to be a racially and ethnically diverse community.

- According to ACS, most of Des Moines’ population identify as white (50%) followed by Asian (12%) Black or African American (9%) two or more races (7%), and Native Hawaiian or Pacific Islander (3%). In addition, Des Moines has a large share of its residents that identify as Hispanic or Latino (19%).

- In recent years, persons of color population is growing faster than population overall.

### **Des Moines has gained a large percentage of wealthy residents while losing low- to moderate-income residents.**

- According to ACS, the median household income in Des Moines has increased 18% or \$10,691 between 2010 and 2020. King County overall experienced median incomes rise at a much faster rate of 46% or \$31,093.
- Analyzing ACS data, between 2010 and 2020 Des Moines lost households with low- and middle-incomes (generally those who make less than \$74,999), while gaining households with higher incomes—especially those making more than \$100,000.

### **Des Moines continues to diversify its economy base with substantial growth in Goods Producing industries.**

- According to the U.S. Census Bureau On the Map Application and LEHD Origin-Destination Employment Statistics, Des Moines continues to rely on service producing industries for the majority of its employment (87%) compared to goods producing industries (13%). Despite the good producing sector being less concentrated in Des Moines, it experienced substantial growth (378 jobs) relative to the 661 total jobs in 2019. The service producing sector experienced the highest number of jobs created (402), but only makes up 10% of the total jobs in the sector.

## **Housing Top Trends**

### **Des Moines housing stock is predominately single unit detached homes; however in the past decade multifamily development have delivered the most units.**

- According to ACS, Des Moines had a total of 12,950 housing units in 2020. The majority (56%) of the housing stock in Des Moines is comprised of single unit detached homes, followed by multifamily (5+units). Compared to Washington, Des Moines has a diverse housing stock of attached housing and multifamily both with 2-4 units and more than 5 units—which corresponds to Des Moines large renter population.
- Based on the ACS, a majority of Des Moines housing units are owner-occupied (59%), while 41% are renter occupied. The vast majority of Des Moines’ owners (88%) live in single unit detached and attached homes. The majority of Des Moines’ renters live in multifamily housing including duplex, triplex, quadplex and apartment buildings with 5 or more units.
- According to HUD User SOCDs Building Permit Database, between 1980 and 2021, a total of 8,308 housing units have been built in Des Moines. About 66% of these units built were multifamily and 34% were single family units.

## **Des Moines households have experienced rising housing costs.**

- Analyzing data from Zillow, between 2012 and 2022, the median priced home has increased by \$455,000 or about 257%, from \$175,000 in 2012 up to \$630,000 in 2022. Des Moines has experienced the largest housing cost increase compared to its neighboring cities like SeaTac, Kent, Tacoma, Burien, Federal Way, and Seattle to name a few.
- Analyzing data from the ACS, household incomes have not kept pace with the rising increase of rental costs in Des Moines. Between 2010 and 2020, the median income in Des Moines increased 18% while the median rent increased 56%.
- According to ACS data, between 2019 and 2020 Des Moines renters experienced rising housing costs leading to a higher rate of cost burden (households that pay 30% or more of their income for housing), while King County and Washington renters have experienced declining cost burden. Cost burden increased in Des Moines from 31% in 2010 to 38% in 2020. Given the rapid increase in sales prices and rents, cost burden likely increased significantly between 2020 and 2022.

## **Des Moines is poised to lose a quarter of its income-restricted housing stock in the next 10 years.**

- In 2022, there were six Low Income Tax Credit (LIHTC) properties in Des Moines with 641 income-restricted units. In the next 10 years the income-restriction will sunset for three properties with a total of 162 units. This represents about 25% of all income-restricted housing stock in Des Moines.

## **Des Moines lacks services that help residents access temporary shelters.**

- An inventory of emergency shelter, transitional housing, and permanent supportive housing revealed that Des Moines does not have any of these continuum of care services which are essential in reducing the risk of people become homeless.

## **Housing Need in Des Moines**

### **Des Moines has a great need of providing housing units to households with incomes at 80% of AMI or less.**

- According to King County Countywide Planning Policies (CPPs), Des Moines needs 3,800 housing units by 2044. King County CPPs requires all jurisdictions within the county to plan for housing affordable for all income segments of the population.
- Based on Des Moines' current household income distribution, 2,629 housing units or 70% of Des Moines housing growth target are needed for households who make 80% or less of the area median income.

- Based on the 2021 King County’s residential land supply and capacity analysis, Des Moines has substantial land supply and capacity to accommodate the planned future housing growth. The majority of Des Moines housing capacity lies in its high- and medium high-density zones that have the capacity for about 7,622 housing units in both zones.

# 1. Introduction

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The Washington Growth Management Act (GMA) requires cities to include a housing element in their comprehensive plans. Specifically, the Housing Goal (RCW 36.70A.020(4)) requires cities to “plan for and accommodate housing affordable to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.” Moreover, GMA requires housing elements include the four features:

- 1) an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth;
- 2) goals, policies, objectives and mandatory provisions for the preservation, improvement, and development of housing, including single family residences;
- 3) identification of sufficient land for housing including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, group homes and foster care facilities; and
- 4) adequate provisions for existing and projected needs for all segments of the community.<sup>1</sup>

Moreover, House Bill 1220 requires cities to consider and address barriers to housing availability and begin to undo racially disparate impacts, displacement, and exclusion in housing.

The Washington Administrative Code (WAC) provides additional advisory guidance for completing housing elements.<sup>2</sup> It further recommends that jurisdictions complete an inventory and needs assessment and identifies specific components for analysis. The expectation is that cities should prepare HNAs in advance of comprehensive plan updates and consider population and housing growth targets.

The City of Des Moines was awarded a Housing Action Plan and Implementation Grant in 2022 from the Washington State Department of Commerce to develop a Housing Action Plan. The Housing Action Plan will provide actions and strategies to encourage construction of additional affordable and market rate housing of a variety of housing types that is affordable to households at different income-levels.

The King County Countywide Planning Policies (CPPs) create a shared and consistent framework for growth management planning for all jurisdictions in King County—which includes Des Moines. VISION 2050, is the region’s plan for growth and is a product of a regional planning process led by the Puget Sound Regional Council (PSRC) and association of

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<sup>1</sup> RCW 36.70A.070(2)

<sup>2</sup> WAC 365-196-410

cities, town, four counties (King, Kitsap, Pierce, and Snohomish), ports, tribes, and state agencies.

This Housing Needs Assessment (HNA) provides the quantitative data and analysis required to understand Des Moines's housing needs and serve as a foundation for policy recommendations to design implementable housing strategies in Des Moines.

The Plan's content will be informed by two products, the housing needs assessment and the Housing Action Plan that provides guidance to the city on specific actions and initiatives to undertake in order to meet Des Moines housing need.

## 1.1 Data and Methods

ECONorthwest used the methods described in the Washington Department of Commerce "Guidance for Developing a Housing Needs Assessment."<sup>3</sup> The guidebook provides a detailed description state requirements and recommended methods for preparing HNAs. In this assessment we drew from a variety of data sources to compile a comprehensive understanding of Des Moines's housing needs. Source citations can be found on each page where quantitative data is presented. One of the key sources for housing and household data is the US Census Bureau. This assessment also leverages other publicly available data sources from federal, state, and local government resources and private sources such as CoStar and Zillow.

## 1.2 Organization of this Report

The remainder of this document is organized into the following sections:

- 2. Community Profile** presents demographic information that affect housing choice and needs in Des Moines.
- 3. Housing Affordability** describes who can afford to live in Des Moines and the income necessary to buy or rent in Des Moines.
- 4. Housing Trends** summaries regional and local housing market trends affecting Des Moines's housing market.
- 5. Housing Needs in Des Moines** presents Des Moines growth targets and underproduction necessary to understand Des Moines overall housing need to accommodate future residents.

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<sup>3</sup> <https://deptofcommerce.app.box.com/s/mop7xrkhz170th1w51ezbag3pmne9adz>

# 2. Community Profile

## 2.1 Introduction

This chapter describes the characteristics of Des Moines’s population and housing that are essential to understanding the City’s housing needs. This section is organized as follows:

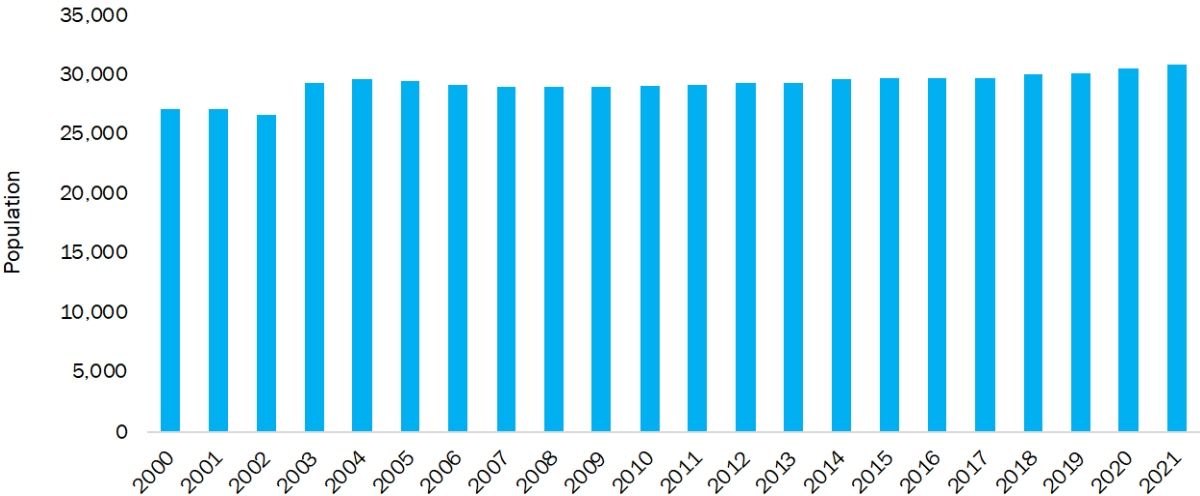
- Population and Household Characteristics
- Income and Employment
- Housing Characteristics
- Housing Costs and Affordability
- Housing Production

## 2.2 Population Characteristics

According to the Washington Office of Finance Management (OFM), Des Moines had an estimated population of 33,100 in 2021 and has experienced a stable population growth since 2010. Des Moines is one of the smaller cities in King County, making up 1.4% of the total county population in 2021.

Exhibit 1. Total Population, Des Moines, 2010-2021

Source: Washington Office of Fiance Management (OFM)



Since 2010, Des Moines has grown approximately 12% or 3,427 persons—growing at a slower rate than King County. Des Moines has grown at an annual rate of 1.00% compared to 1.55% in the King County.

**Exhibit 2. Average Annual Population Growth, Des Moines and King County, 2010-2021**

Source: Washington Office of Finance Management (OFM) and ECONorthwest Calculations

Jurisdiction	2010	2021	Change (2010-2021)		AAGR
			Number	Percent	
Des Moines	29,673	33,100	3,427	12%	1.00%
King County	1,931,249	2,287,050	355,801	18%	1.55%

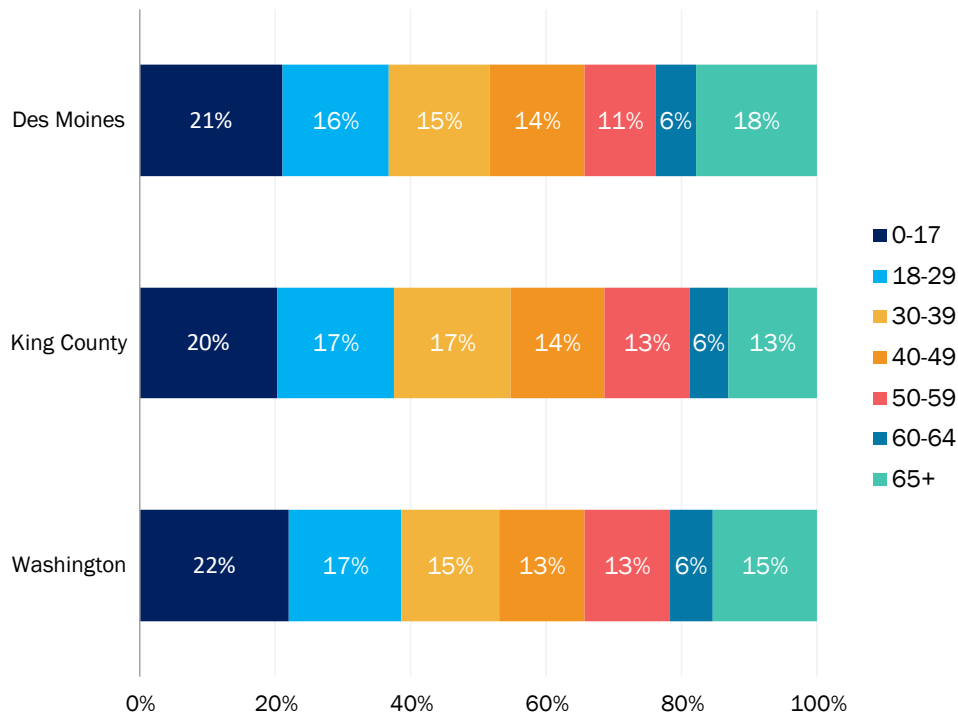
**2.2.1 Age Distribution**

The age characteristics of a community indicate current needs and future trends for housing. Because different age groups have very different housing needs, housing demand correlates to the age of residents. For example, young adult households may choose to occupy apartments, condominiums, and small single-family homes because of affordability, location, and household size/presence of children. Middle-aged adults may prefer larger homes in which to raise families, while seniors may prefer smaller units that have lower costs, less maintenance, and are more proximate to services.

Exhibit 3 shows the age distribution of Des Moines residents in 2020. Compared to King County, Des Moines’s population tends to be younger and closely mirrors Washington’s age distribution. Children ages 0-17 comprised the largest cohort of residents in Des Moines followed by older adults (65 and older), and young adults aged 18-29. Since 2010, adults 65 years and older had the fastest growth increasing 18% followed by young adults aged 18 to 29 which increased by 17%. During this time period, adults aged 50-59 decreased by 27%.

### Exhibit 3. Age Distribution, Des Moines, King County, and Washington, 2020

Source: American Community Survey (ACS) 2020 5-year estimates



### 2.2.2 Race and Ethnicity

Exhibit 4 shows that a large share of Des Moines’ population identify as white. The second largest race in Des Moines is Asian (12%) followed by Black or African American (9%), two or more races (7%), and Native Hawaiian or Pacific Islander (3%). In addition, approximately 19% of Des Moines’ population identify as Hispanic or Latino. Compared to King County and Washington, Des Moines is more racially and ethnically diverse.

## Exhibit 4. Race and Ethnicity, Des Moines, King County, and Washington, 2020

Source: American Community Survey (ACS) 2020 5-year estimates

Race/Ethnicity	Des Moines		King County		Washington	
	Count	Percent	Count	Percent	Count	Percent
White	15,911	50%	1,295,401	58%	5,067,909	67%
Black or African American	2,951	9%	141,566	6%	279,720	4%
American Indian or Alaska Native	109	0%	10,307	0%	75,677	1%
Asian	3,785	12%	405,835	18%	656,578	9%
Native Hawaiian or Pacific Islander	1,077	3%	16,673	1%	49,219	1%
Some other race	92	0%	9,449	0%	23,363	0%
Two or more races	2,135	7%	127,070	6%	388,477	5%
Hispanic or Latino	5,923	19%	218,763	10%	971,522	13%

## 2.3 Household Characteristics

The characteristics of a community's households impact the type of housing needed in that community. This section discusses the household characteristics affecting the housing needs of Des Moines residents.

A household is defined by the U.S. Census Bureau as all persons who occupy a housing unit, which may include families, single persons, and unrelated persons sharing a housing unit (such as roommates). Persons residing in group quarters such as dormitories or retirement homes are not considered households. The characteristics of a community's households serve as important indicators of the type and size of housing needed in the City.

### 2.3.1 Total Households

The city of Des Moines is home to 12,950 households, making up around 1.4% of the households living in King County.

**Exhibit 5. Total Households, Des Moines, King County, and Washington, 2020**

Source: American Community Survey (ACS) 2020 5-year estimates

	<b>Des Moines</b>	<b>King County</b>	<b>Washington</b>
Households	12,950	952,344	3,150,194

**2.3.2 Household Size**

The average household size in Des Moines is larger than in King County and Washington. Des Moines average household size is 2.56 compared to 2.43 in the County and 2.53 in Washington.

Household size varies more by tenure, the average owner household is larger than the average renter household in Des Moines, King County, and Washington. On average, Des Moines’ renter household size is larger when compared to King County and Washington.

**Exhibit 6. Average Household Size, Des Moines, King County, and Washington, 2020**

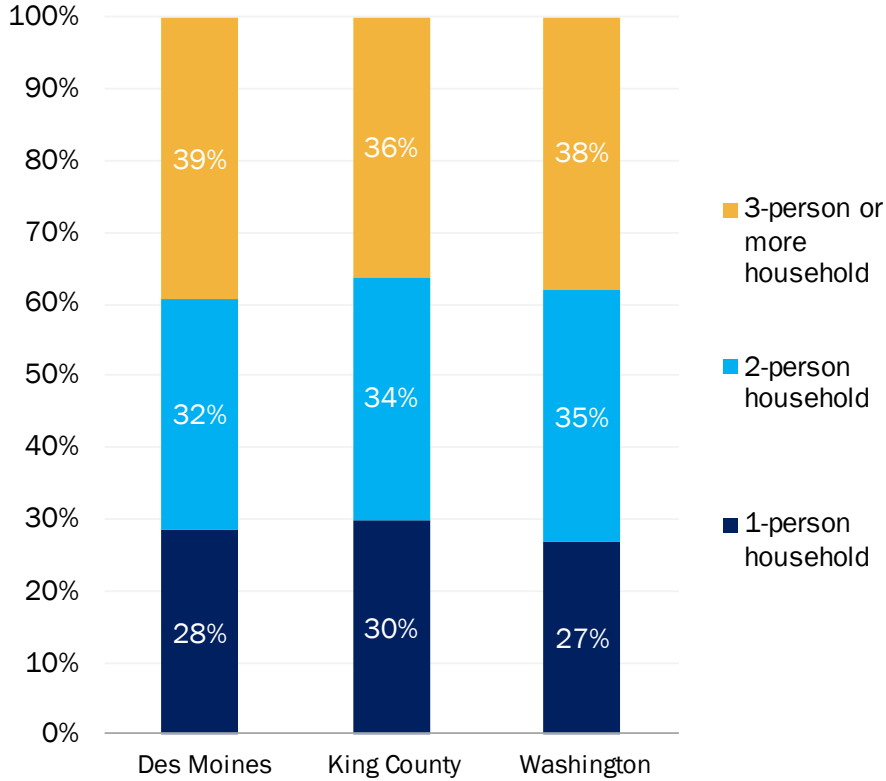
Source: American Community Survey (ACS) 2020 5-year estimates

	<b>Des Moines</b>	<b>King County</b>	<b>Washington</b>
Total	2.56	2.43	2.53
Owner occupied	2.66	2.63	2.65
Renter occupied	2.42	2.17	2.34

Des Moines has a larger share of households with 3 or more persons (39%) than King County (36%) or Washington (38%). This suggests that a large share of Des Moines population are families. Approximately 32% of households are 2-person households, and 28% a 1-person household. Compared to King County, Des Moines has a slightly lower share of single residents.

### Exhibit 7. Household Size, Des Moines, King County, and Washington, 2020

Source: American Community Survey (ACS) 2020 5-year estimates



### 2.3.3 Year Over Year Percent Change of Select Population Characteristics

Exhibit 9. below shows the year over year percent change of Des Moines’ population, households, non-white population, and household size. Year over year trends show that Des Moines’ non-white population has been increasing at a faster rate year-over-year than the population overall. Household formation growth has remained constant with population growth trends. Household size amongst 1-, 2-, and 3-person or more households has fluctuated in the past decade. In the past five years, net year over year growth has been greater amongst 2-person households (14%), followed by 3 or more households (9%), and 1-person households (2%).

## Exhibit 8. Year Over Year Percent Change of Select Population Characteristics, Des Moines, 2010-2020

Source: American Community Survey (ACS) 2010- 2020, 5-year estimates

Year	Population	Households	Non-white Population	1-person Household	2-person Household	3-person or more Household
2010	—	—	—	—	—	—
2011	1%	-1%	6%	-10%	2%	5%
2012	1%	-1%	10%	0%	-10%	6%
2013	1%	1%	7%	3%	1%	0%
2014	1%	-1%	2%	5%	-4%	-3%
2015	1%	1%	-1%	-8%	11%	1%
2016	1%	2%	1%	5%	3%	-1%
2017	1%	0%	4%	1%	-2%	1%
2018	1%	1%	5%	-1%	0%	2%
2019	1%	3%	1%	-1%	5%	4%
2020	1%	1%	4%	6%	-3%	2%

## 2.4 Income and Employment

The ability of a household to acquire adequate housing is related to household income, whether earned or from other sources. Household income is oftentimes the crucial factor in evaluating the size and type of housing available for any given household. Household income can vary greatly across many demographic factors including race, gender, and household type. While higher income households have more discretionary income to spend on housing, low- and moderate-income households often face limited choices in the housing they can afford.

### 2.4.1 Household Income

As shown in Exhibit 9, the median household income in Des Moines has increased 18 percent or \$10,691 between 2010 and 2020. King County overall experienced median incomes rise at a much faster rate than Des Moines and median incomes in 2020 were more than \$31,000 when

compared to Des Moines.

### Exhibit 9. Median Income, Des Moines and King County, 2010 and 2020

Source: American Community Survey (ACS) 2010 and 2020, 5-year estimates, and ECONorthwest calculations

Jurisdiction	2010	2020	Change (2010-2020)	
			Number	Percent
Des Moines	\$68,065	\$70,268	\$10,691	18%
King County	\$59,577	\$99,158	\$31,093	46%

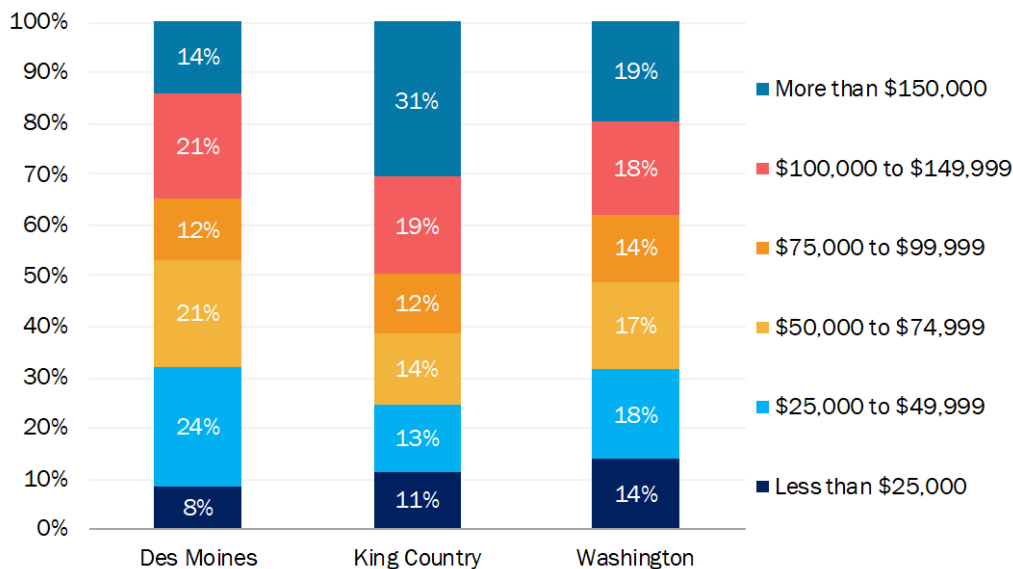
Note: Nominal dollars.

### 2.4.2 Income Distribution

The income distribution of Des Moines shows a higher percentage of residents who make less than \$50,000 than both King County and Washington. The lower annual incomes (\$25,000 - \$49,999) along with middle incomes (\$50,000-\$74,999) were higher than both King County and Washington. Additionally, Des Moines also has a higher percentage of residents who make \$100,000 to \$149,999, but a lower percentage of residents who make more than \$150,000, indicating a lower annual income than King County.

### Exhibit 10. Income Distribution, Des Moines, King County, and Washington, 2020

Source: American Community Survey (ACS) 2020 5-year estimates



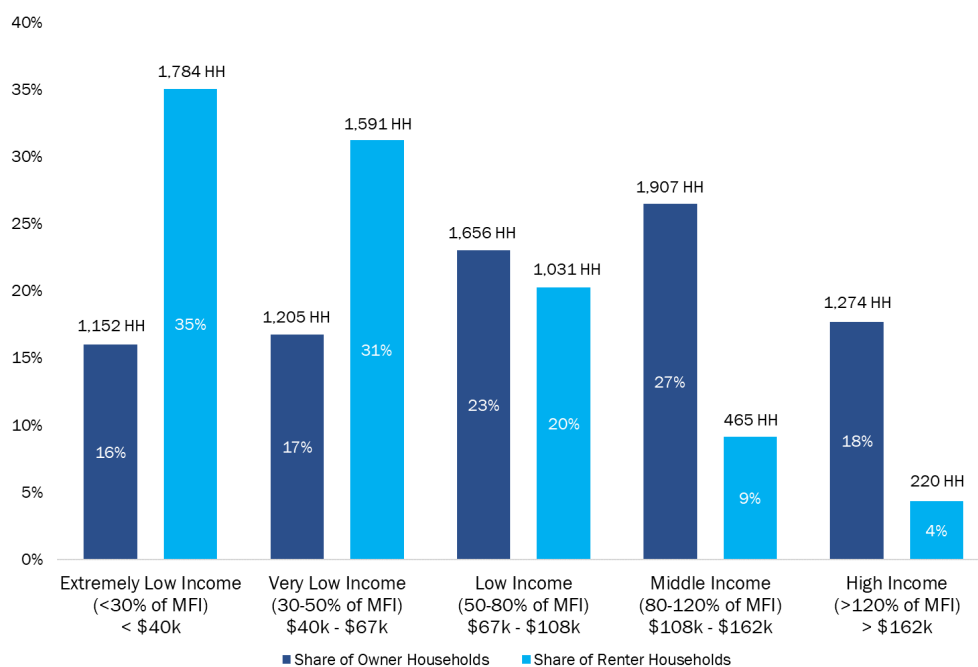
Household incomes in Des Moines have substantially changed since 2010. From 2010 to 2020, there was a steep increase in households making more than \$100,000, connoting a growth in wealthier residents. To supplement this point, there was a 49% decrease in households making less than \$25,000 and a 24% decrease in households making \$75,000 to \$99,999. The increase in income was largely seen in households making over \$100,000 per year. This is primarily due to wealthier households moving to Des Moines; many of these higher income households work in other communities. Since 2010, Des Moines has lost households with low- and middle-incomes (generally those who make less than \$74,999), while gaining households with higher incomes—especially those making more than \$100,000.

### 2.4.3 Households by Median Family Income Level

Typical to most communities, Des Moines’s homeowners are more likely to have higher incomes compared to its renters. The households most likely to struggle to find affordable market rate housing in any community are those with incomes below 80% AMI. Low-income households are more likely to need to sacrifice spending on other essentials to afford housing and are more vulnerable to housing market forces. Des Moines has approximately 4,406 renter households with incomes of 80% AMI and below. Altogether they represent about 87% of Des Moines’ renter households. In Des Moines rental housing is almost exclusively provided to low-income households, whereas owner-occupied housing is generally distributed fairly uniform across all income categories.

Exhibit 11. Share of Households by Median Family Income (MFI) and Tenure, Des Moines, 2020

Source: US Department of HUD, King County, 2022, US Census Bureau, 2016-2020 ACS Table B25118.

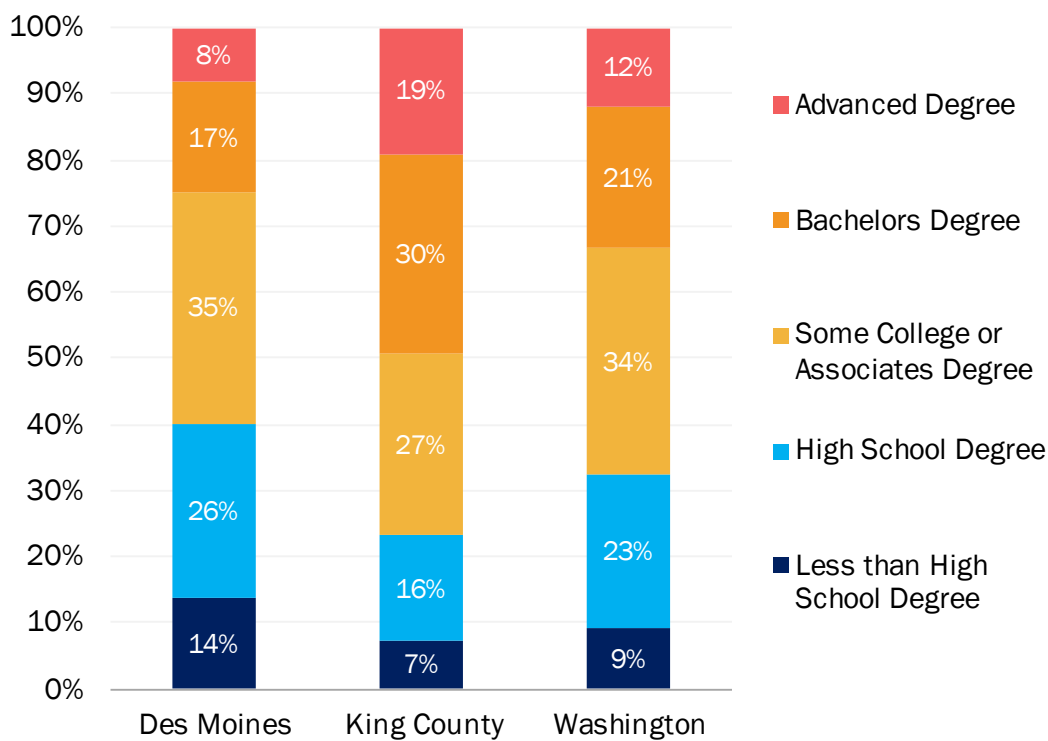


## 2.4.4 Educational Attainment

The educational attainment of Des Moines residents is much lower than in Washington with only 25% of resident with a Bachelor’s degree or higher, compared to 33% in Washington. This suggest that Des Moines has a large share of residents working in the service industry. Generally, populations with a high educational attainment typically work in industries that require a college degree or higher, while populations with lower educational attainment work in the service industry which requires no college degree. King County has a substantially higher share of residents with a Bachelor’s degree or higher at about 49%.

Exhibit 12. Educational Attainment, Des Moines, King County, and Washington, 2020

Source: American Community Survey (ACS) 2020 5-year estimates



### 2.4.4.1 Employment by Industry

Exhibit 13 compares Des Moines’s job composition by industry for 2010 and 2019. Des Moines continues to rely on service producing industries for the majority of its employment (87%) compared to goods producing industries (13%). Since 2010, Des Moines experienced massive growth in the goods producing sector, while losing jobs in the service producing sector.

Among the industries with the largest employment growth since 2010 in Des Moines was the service industry which gained the most jobs (378), followed by construction and resources (300), wholesale trade (220), manufacturing (78) and government (13).

In 2019, Des Moines had a large concentration of jobs in the services industry, mainly in accommodation and food services as well as health care and social assistance.

**Exhibit 13. Employment by Industry, Des Moines, 2010 and 2019**

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (2019), ECONorthwest

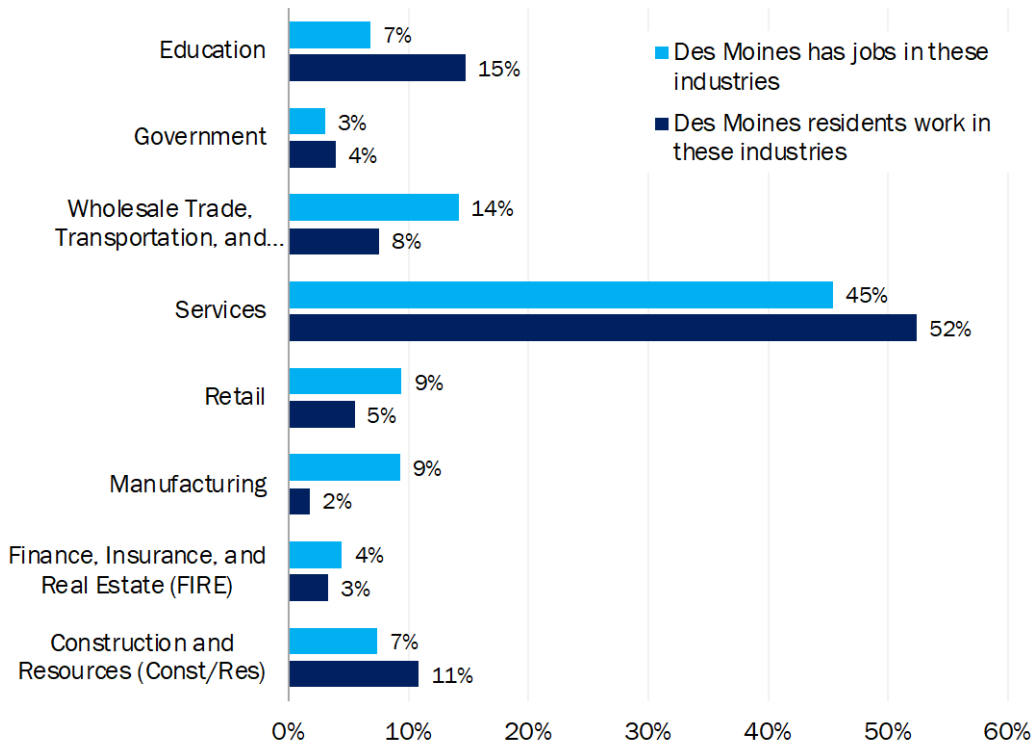
Industry	2010		2019		Percent Change 2010-2019
	Number	Percent	Number	Percent	
Good Producing Sector	283	6%	661	13%	134%
Construction and Resources (Const/Res)	267	6%	567	11%	112%
Manufacturing	16	0%	94	2%	488%
Service Producing Sector	4,184	94%	4,586	87%	10%
Finance, Insurance, and Real Estate (FIRE)	189	4%	173	3%	-8%
Retail	434	10%	287	5%	-34%
Services	2,372	53%	2,750	52%	16%
Wholesale Trade, Transportation, and Utilities (WTU)	178	4%	398	8%	124%
Government	193	4%	206	4%	7%
Education	818	18%	772	15%	-6%
<b>Total Employment</b>	<b>4,467</b>	<b>100%</b>	<b>5,247</b>	<b>100%</b>	<b>17%</b>

More than half of Des Moines residents work in the Services industry, mainly in Accommodation and Food Services as well as Educational Services. The third most popular industry is Construction and Resources with most residents in this group working in construction. The smallest percentage of individuals work in Manufacturing.

Gaps exist between where residents work and the jobs that Des Moines offer. In 2019, there were more jobs in the Manufacturing, Retail, and Finance, Insurance, and Real Estate industries in Des Moines than residents working in those fields. This indicates that there is a mismatch between labor and jobs.

### Exhibit 14. Employment by Industry, Des Moines, 2019

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (2019).



### 2.4.5 Employment Growth

According to the King County Countywide Planning Policies, Des Moines is a High-Capacity Transit Community that is expected to grow by 2,380 jobs between 2019 and 2044. Compared to other High-Capacity Transit Communities, Des Moines has the fourth largest growth target in jobs.

## Exhibit 15. Job Target, Des Moines and King County, 2019-2044

Source: 2021 King County Countywide Planning Policies

Jurisdiction	Job Target (2019-2044)
Des Moines	2,380
Normandy Park	35
SeaTac	14,810
Kent	32,000
Burien	4,770
Auburn	19,520
Federal Way	20,460
King County	490,103

Note: Net new jobs (2019-2044).

### 2.4.6 Jobs-Housing Ratio

In 2019, Des Moines had 5,247 jobs and 12,114 housing units resulting in a jobs/housing ratio of 0.43. This ratio indicates that Des Moines serves primarily as a residential community with most of its residents working elsewhere in the Puget Sound. Generally, a jobs/housing ratio in the range of 0.75 to 1.5 is considered to have a healthy jobs/housing balance which can reduce vehicles miles traveled.<sup>4</sup> Based on Des Moines' job and housing targets for 2044, it is expected that Des Moines will continue to serve as a residential community with mostly service industry jobs to support the population.

## 2.5 Housing Characteristics

### 2.5.1 Housing Type

Des Moines has a total of 12,950 housing units in 2020, of which over half (56%) of the housing stock in Des Moines is comprised of single family detached homes, followed by multifamily.

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<sup>4</sup> Cox, W. 2013. U.S. suburbs approaching jobs-housing balance. New Geography blog. Accessed May 2021.

### Exhibit 16. Housing Type, Des Moines, 2020

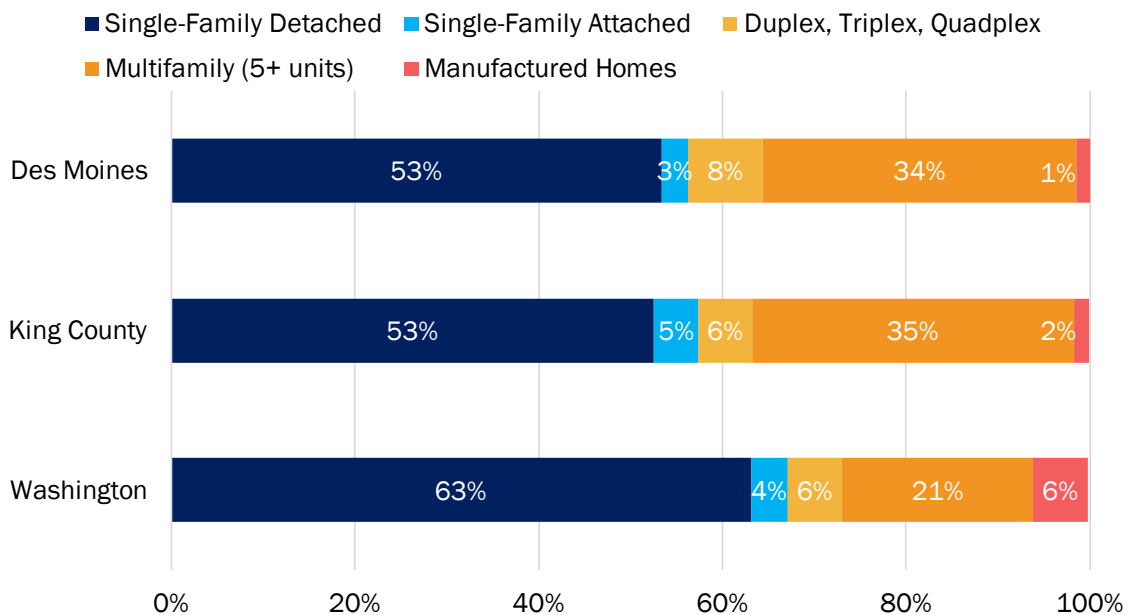
Source: American Community Survey (ACS) 2020 5-year estimates

Housing Type	Des Moines
Single-Family Detached	6,918
Single-Family Attached	366
Duplex, Triplex, Quadplex	1,058
Multifamily (5+ units)	4,418
Manufactured Homes	190
<b>Total Housing Units</b>	<b>12,950</b>

Exhibit 17 below shows the distribution of Des Moines’ housing stock compared to King County and Washington. Compared to Washington, Des Moines has a diverse housing stock of attached housing and multifamily both with 2-4 units and more than 5 units—which corresponds to Des Moines large renter population. The housing stock type between Des Moines and King County is almost identical in the distributional share across both jurisdictions.

### Exhibit 17. Housing Type, Des Moines, King County, and Washington, 2020

Source: American Community Survey (ACS) 2020 5-year estimates

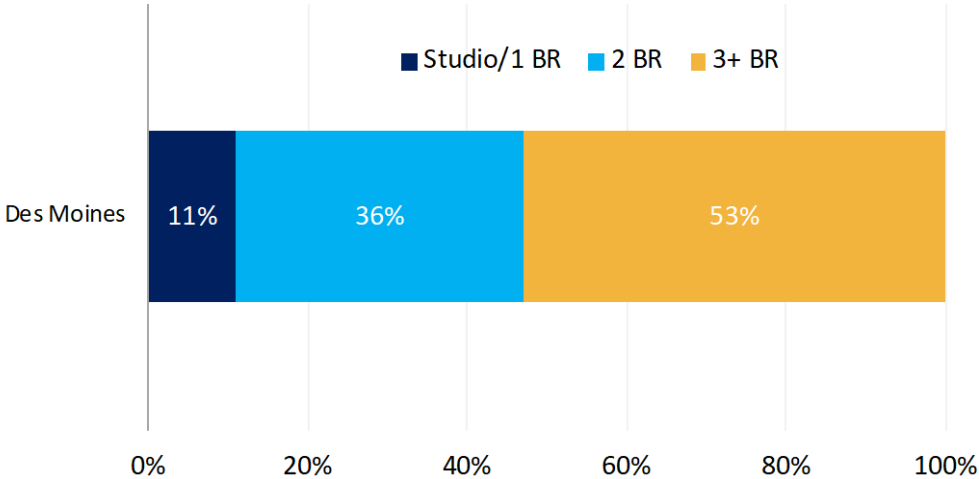


### 2.5.2 Number of Bedrooms

With single family detached units as the most common type of housing, it is not surprising that most units in Des Moines have 2- and 3-bedrooms. A small percentage of Des Moines housing stock are studios or 1-bedrooms. This indicates that most of the single family and multifamily units in Des Moines are supportive of family households than single residents.

Exhibit 18. Number of Bedrooms, Des Moines, 2020

Source: American Community Survey (ACS) 2020 5-year estimates



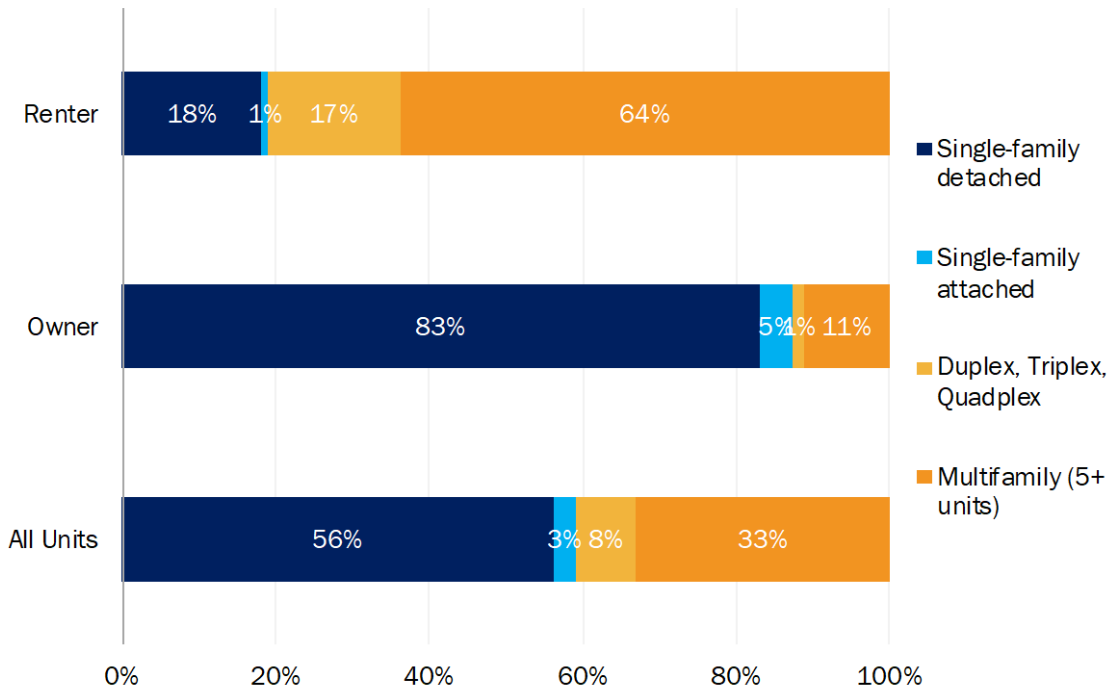
### 2.5.3 Housing Tenure

Household tenure is an important component of housing needs, as it helps to determine whether future housing should be built as ownership units or rental units.

Exhibit 19 shows that the vast majority of Des Moines’ owners (88%) live in single family detached and attached homes. The majority of Des Moines’ renters live in multifamily housing including duplex, triplex, quadplex and apartment buildings with 5 or more units. Approximately 19% of renters live in single family detached and attached housing in Des Moines. Overall, much of Des Moines housing units are owner-occupied (59%), while 41% are renter occupied.

## Exhibit 19. Housing Tenure by Housing Type, Des Moines, 2020

Source: American Community Survey (ACS) 2020 5-year estimates



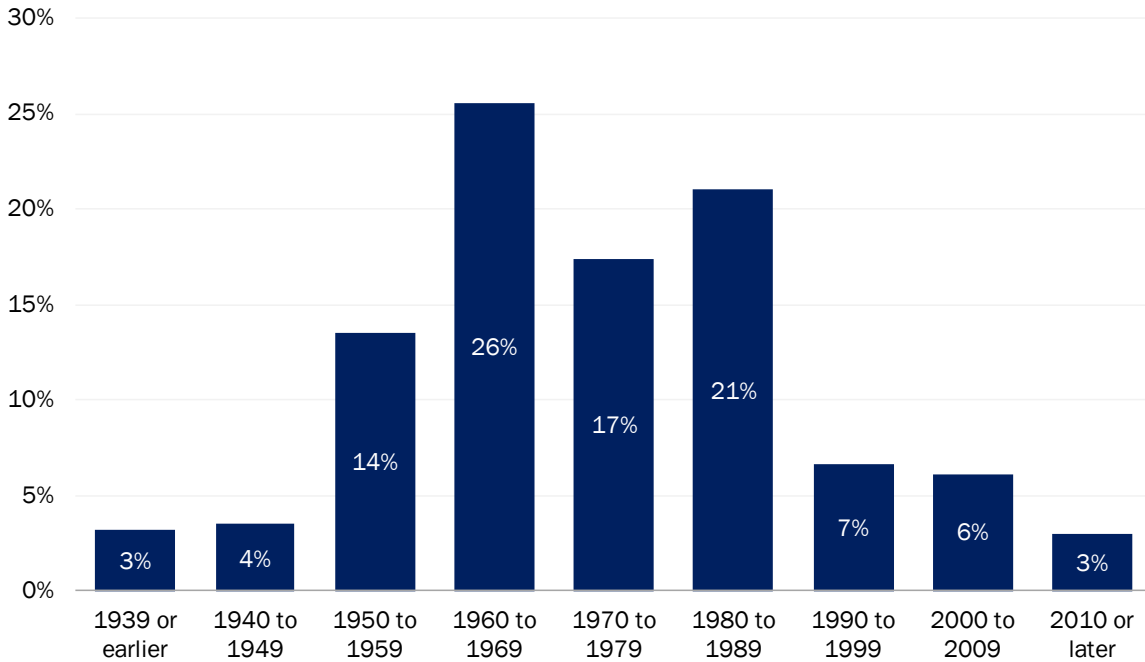
### 2.5.4 Housing Age

Housing age can be an important indicator of housing condition within a community. Like any other tangible asset, housing is subject to gradual physical or technological deterioration over time. If not properly and regularly maintained, housing can deteriorate and discourage reinvestment, depress neighboring property values, and eventually impact the quality of life in a neighborhood. Many federal and state programs also use the age of housing as one factor in determining housing rehabilitation needs. Typically, housing over 30 years of age is more likely to have rehabilitation needs that may include new plumbing, roof repairs, foundation work and other repairs.

Exhibit 20 shows the distribution of housing stock by age. The vast majority (78%) of housing in Des Moines was built between 1950 and 1980. New housing construction in Des Moines slowed after 1980, with only about 16% of the housing stock built in 1990 or later.

## Exhibit 20. Housing Age, Des Moines, 2020

Source: American Community Survey (ACS) 2020 5-Year Estimates. \*Note: Des Moines annexed the town of Zenith in 1982.



## 2.6 Housing Cost and Affordability

Housing cost is a direct relationship of housing accessibility to all economic segments of the community. In general, if housing supply exceeds housing demand, housing costs will decrease. If housing demand exceeds housing supply, housing costs typically increases.

Between 2012 and 2022 housing costs have significantly increased in Des Moines and across the region. Exhibit 21 shows that the median priced home increased from about \$175,000 in 2012 up to \$630,000 in 2022—or 257%. In 2012, Des Moines’ housing market was comparable to a lot of its neighboring cities and over time it has experienced similar increases in housing costs.

## 2.6.1 Home Sale Prices

Exhibit 21. Home Sale Prices, Des Moines, 2012-2022

Source: Zillow and ECONorthwest Calculations

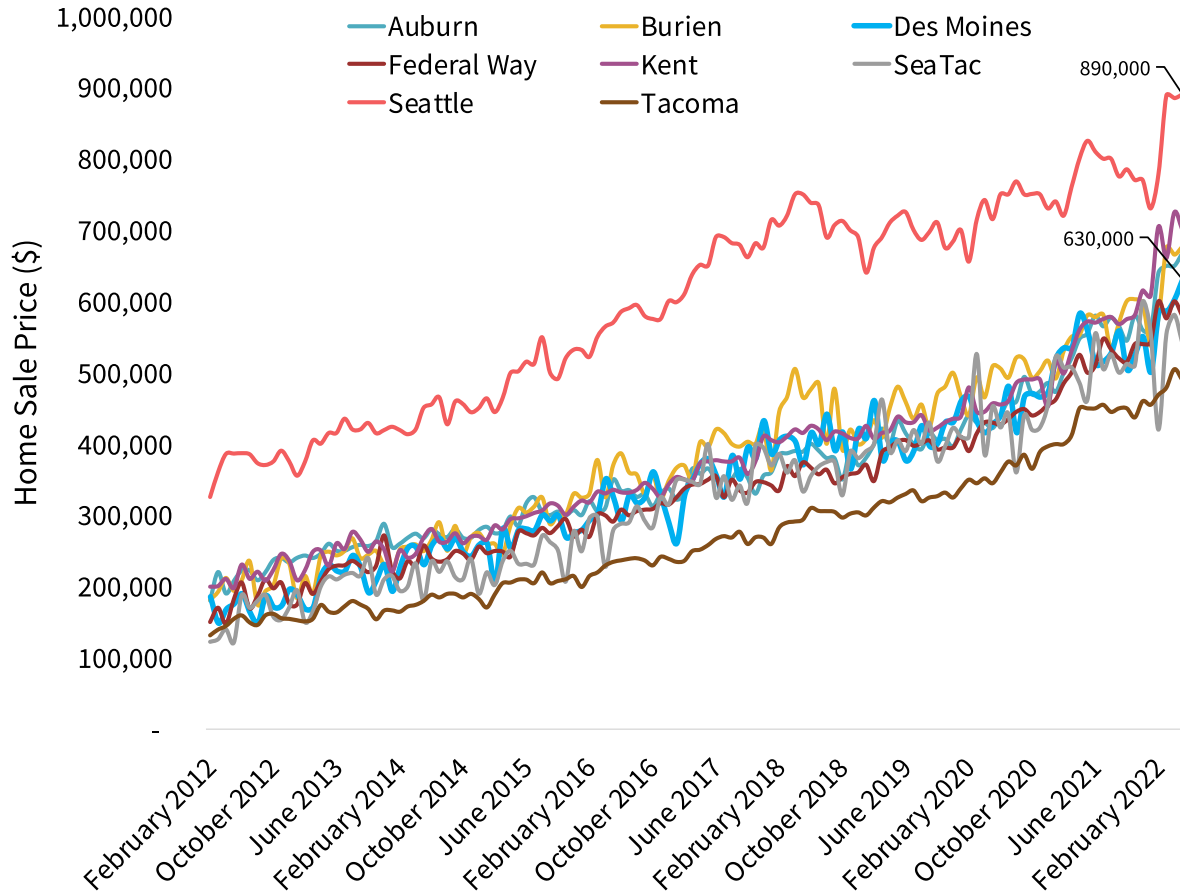


Exhibit 22 shows that since 2012, the median sale price of a home has increased in all comparison cities, with the most significant increase in Des Moines (257%), while SeaTac experienced the second highest increase of 252%.

## Exhibit 22. Percent Change in Median Home Sale Prices, Des Moines and comparison cities, 2012-2022

Source: Redfin and ECONorthwest Calculations

Jurisdiction	2012	2022	Change (2012-2022)	
			Number	Percent
Des Moines	\$175,000	\$630,000	\$455,000	257%
Auburn	\$219,950	\$650,000	430,050	196%
Burien	\$202,000	\$665,000	\$463,000	229%
Federal Way	\$182,500	\$580,000	397,500	218%
Kent	\$210,000	701,000	\$491,000	234%
SeaTac	\$157,490	\$554,000	\$396,510	252%
Seattle	\$375,000	\$890,000	\$515,000	137%
Tacoma	\$154,975	\$479,000	\$324,025	209%

Note: Nominal dollars.

### 2.6.2 Rental Costs

Des Moines and King County’s rental market has experienced sharp price increases over the past decades. Exhibit 23 shows that incomes have not kept pace with the rising increase of rental costs in Des Moines. Between 2010 and 2020, the median income in Des Moines increased 18% while the median rent increased 56%. In comparison King County’s median income increased 46% while the median rent increased 70%.

When housing costs increases substantially, residents across all income segments begin to have challenges with affording housing and keeping a shelter over their heads.

## Exhibit 23. Change in Median Rent vs. Median Income, Des Moines and King County, 2010-2020

Source: American Community Survey (ACS) 2010 and 2020 5-year estimates

Jurisdiction	2010	2020	Change (2010-2020)	
			Number	Percent
<b>Des Moines</b>				
Median Rent	\$890	\$1,390	\$500	56%
Median Income	\$59,577	\$70,268	\$10,691	18%
<b>King County</b>				
Median Rent	\$999	\$1,695	\$696	70%
Median Income	\$68,065	\$99,158	\$31,093	46%

Note: Nominal dollars (i.e., not adjusted for inflation).

### 2.6.3 Cost Burden

State and federal standards specify that households spending more than 30% of gross annual income on housing experience a housing cost burden. Housing cost burdens occur when housing costs increase faster than household income. When a household spends more than 30% of its income on housing costs, it has less disposable income for other necessities, including health care, food, and clothing. In the event of unexpected circumstances such as the loss of employment or serious health problems, lower income households with a burdensome housing cost are more likely to become homeless or be forced to double-up with other households. Homeowners with a housing cost burden have the option of selling their homes and become renters. Renters, on the other hand, are vulnerable and subject to constant changes in the housing market.

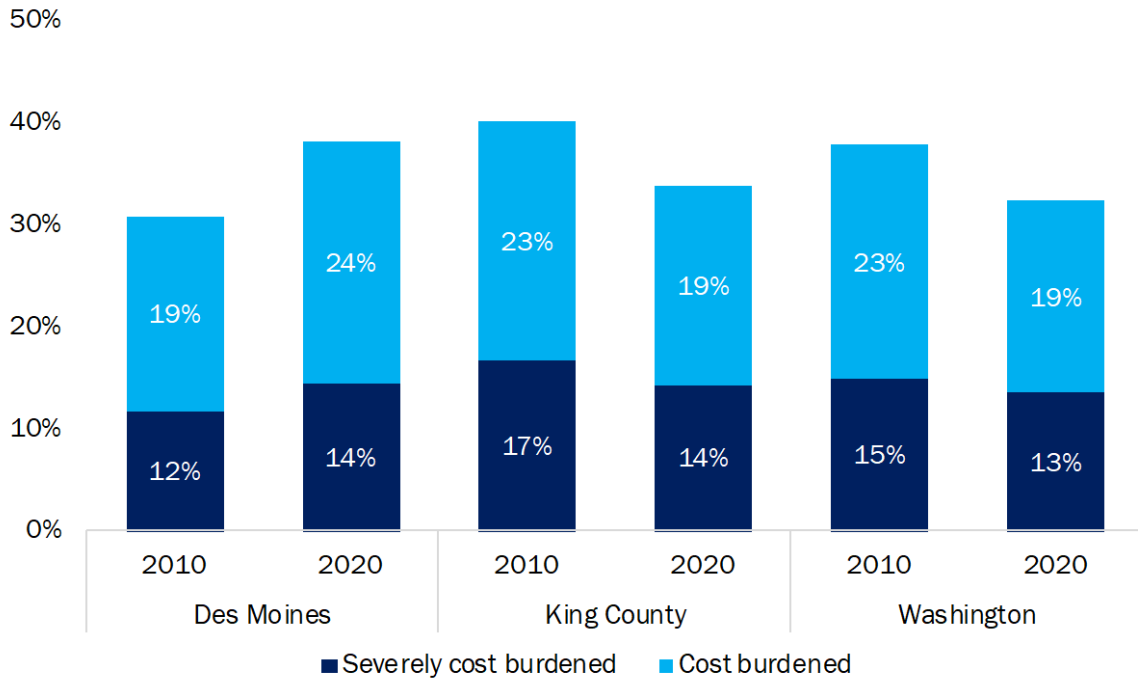
Exhibit 24 shows that in 2020, over a third (38%) of all renters, approximately 4,615 renter households, are cost burdened in Des Moines. Approximately 1,746 renter households (14% of renters) are severely cost burdened, paying more than 50% of their income on housing costs.

Since 2010, Des Moines renters have experienced rising housing costs where cost burden has risen, while King County and Washington renters have experienced declining cost burden. Cost burden increased in Des Moines from 31% in 2010 to 38% in 2020. Given the rapid

increase in sales prices and rents, cost burden likely increased significantly between 2020 and 2022.

Exhibit 24. Cost Burden, Des Moines, King County, and Washington, 2010-2020

Source: ACS 2010 and 2019, 5-year estimates



Cost burdening is a measure of housing instability and vulnerability to displacement. Policymakers typically focus on renters when assessing cost burdening. It can signal a lack of affordable housing in a region. It is less of a focus for homeowners, because a lender will assess a buyer’s ability to pay for a mortgage before the household can buy a home, and because mortgage payments are typically fixed and do not fluctuate with the larger economy or housing market. While a homeowner’s property taxes can go up with rising home values, they are typically a small share of overall housing costs. For these reasons, homeowners are not as vulnerable to price changes in the housing market as are renters.

### 2.6.4 Housing Affordability

Exhibit 25 illustrates what households in Des Moines can afford to pay in rent or can afford to buy for a home. The median family income for Des Moines—which is HUD calculates it based on King County’s median family income— in 2022 was \$134,370. At this income level, affordable rent prices are \$3,370. An affordable home for this income level would be between \$471,000 and \$538,000. As of May 2022, the median home sale price in Des Moines was

\$630,000. From our calculations, only a household with an annual income between \$157,500 and \$180,000 can afford homes at that price point.

Exhibit 25. Housing Affordability in Des Moines, 2022

Source: Bureau of Labor Statistics, HUD MFI 2022, ECONorthwest Calculations

IF YOUR HOUSEHOLD EARNS . . .					
<b>\$40,400</b> <30% OF MFI	<b>\$67,300</b> 50% OF MFI	<b>\$80,800</b> 60% OF MFI	<b>\$107,700</b> 80% OF MFI	<b>\$134,600</b> 100% OF MFI	<b>\$161,500</b> 120% OF MFI
THEN YOU CAN AFFORD . . .					
<b>&lt;\$1,010</b> PER MONTH	<b>\$1,680</b> PER MONTH	<b>\$2,020</b> PER MONTH	<b>\$2,690</b> PER MONTH	<b>\$3,370</b> PER MONTH	<b>\$4,040</b> PER MONTH
<b>OR</b>	<b>OR</b>	<b>OR</b>	<b>OR</b>	<b>OR</b>	<b>OR</b>
<b>\$121K- \$141K</b> HOME SALES PRICE	<b>\$202K- \$236K</b> HOME SALES PRICE	<b>\$242K- \$283K</b> HOME SALES PRICE	<b>\$377K- \$431K</b> HOME SALES PRICE	<b>\$471K- \$538K</b> HOME SALES PRICE	<b>\$565K- \$646K</b> HOME SALES PRICE

The estimates presented in Exhibit 25 are based on income and affordability ratios. They do not consider other household financial characteristics that can affect ability to pay for housing – other debt, including auto loans, credit cards, etc. as well as accumulated assets. A key challenge many lower income households face is competition for affordable housing from higher income households. It is rational for higher income households to choose less expensive housing if it is available and meets household needs. Given entry costs (down payment for owner units, advance rent and deposits for rental units) and required credit reports, lower income households have clear disadvantages in competing for lower cost housing.

## 2.7 Housing Production

A community’s housing stock is defined as the collection of all housing units located within the jurisdiction. The production of houses, including types of housing built as well as the incorporation of subsidized and affordable housing, is an important factor in addressing the housing need of the community. This section details the housing stock characteristics of Des Moines, in an attempt to identify how well the current housing stock meets the needs of the current and future residents of the City.

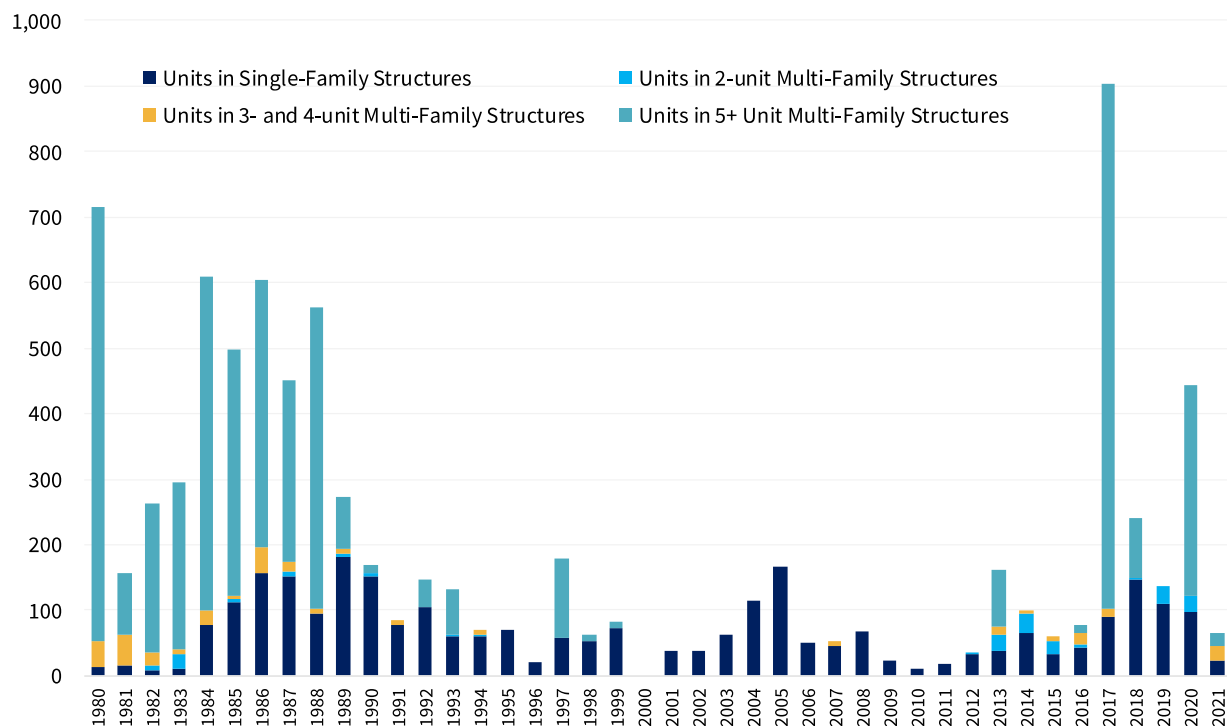
## 2.7.1 Housing Units Built

Since the 1980's, single family housing projects has been the most common housing type built in Des Moines, however multifamily projects have delivered the most units. Between 1980 and 2021, a total of 8,308 housing units have been built in Des Moines. About 66% of these units built were multifamily and 34% were single family units. The peak of multifamily unit development was in 2017 where 812 multifamily units were permitted in multifamily structures with 5 or more units.

Housing development was strong all throughout the 1980's and drastically dropped in the 1990's, early 2010's, and into the early 2010's. Housing development picked up again, but at a slower pace in the mid 2010's. Since 2010, approximately 2,254 housing units were built—mostly comprised of multifamily housing.

Exhibit 26 . Housing Units Built by Type, Des Moines, 1980-2021

Source: HUD User SOCDs Building Permit Database



## 2.8 Assisted Housing

### 2.8.1 Nursing Homes

Des Moines has three nursing homes and rehabilitation facilities with a combine total of 409 beds. According to the US Department of Health and Human Services, there are

approximately 46 nursing homes and residential care beds per 1,000 adults ages 65 and older.<sup>5</sup> In 2022, Des Moines had approximately 41 beds per 1,000, indicating that Des Moines has a slightly lower supply of beds that is generally seen across the nation.

**Exhibit 27. Nursing Homes and Rehabilitation Facilities in Des Moines, 2022**

Source: Medicare.org: Providers & Services, The Nursing Home Site

Facility	Number of Bed
Stafford Healthcare	165
Wesley Homes Health Center	148
Judson Park Health Center	96
<b>Total</b>	<b>409</b>

**2.8.2 housing for homeless individuals: shelters, transitional housing, etc.**

An inventory of emergency shelter, transitional housing, and permanent supportive housing revealed that Des Moines does not have any of these continuum of care services which are essential in reducing the risk of people become homeless. The City of Des Moines is considering partnering with local faith-based and other non-profit organizations to support implement these social services within the city limits.

**2.9 Subsidized and Public Affordable Housing**

An important component of any community’s housing inventory is the stock of housing that is affordable to households earning lower incomes. This housing can be regulated or unregulated and is most often rental housing.

Unregulated affordable housing is affordable to lower income households by virtue of its location, age, condition, or amenities. Typically, unregulated affordable housing units are older, smaller, and or lower quality with fewer amenities, older appliances, or older appearances. Often, these properties have some deferred maintenance or capital needs. Because there is not enough regulated affordable housing across the country, unregulated housing is an important part of the housing stock in a community. But because it is unregulated, the rents charged at the properties can change suddenly and can be influenced

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<sup>5</sup> US Department of Health and Human Services, “Long-term Care Providers and Service Users in the United States, 2015-2016”

by the larger real estate market. In addition, these properties can sometimes have habitability issues if they are not well maintained by the landlord.

Regulated affordable housing often has public funding that restricts the maximum incomes of the tenants or restricts the rents that can be charged to ensure that the housing is serving low-income households. This housing is sometimes referred to as government-assisted housing referencing the public funds at the property. These restrictions vary by the type of funding and the affordability level at the property, and typically have a limited duration – the property is affordable for a specified period of time.

### **2.9.1 Low Income Housing Tax Credit (LIHTC)**

Des Moines currently has six properties with 641 income-restricted units, funded by low-income housing tax credits (LIHTC). In the next 10 years the income-restriction will sunset for three properties with a total of 162 units. These units account for about 25% of all income restricted units in Des Moines and without out any city intervention they will soon be lost to market rate housing.

LIHTC program criteria requires that income-restricted units to be affordable to low-income households for a period of at least 30 years. LIHTC units have maximum rents based on income limits and can only be occupied by households earning less than the upper income limit established for the units. Incomes are generally restricted to 30, 50, 60, or 80 percent of the area median family income and depend on the requirements of the funding program used for the development.

There are two types of tax credits, which are designed to subsidize either 30 percent or 70 percent of the low-income unit costs in a project. The 30 percent subsidy, which is also known as the 4 percent tax credit covers new construction that uses additional subsidies or the acquisition costs of existing buildings.

## Exhibit 28. Income-Restricted Units in Des Moines

Source: HUD LIHTC Database

Property Name	Year Built	Credit Type	Income Restricted Units	Total Units
*Silverwood Park Apartments	1996	30% (4% tax credit)	61	63
*Seaview Apartments	1999	30% (4% tax credit)	70	72
*Terrace Apartments	2001	30% (4% tax credit)	26	27
Sea Mar Community Housing	2015	30% (4% tax credit)	42	43
The Adriana Senior Apartments	2018	30% (4% tax credit)	119	119
Waterview Crossing Apartments	2019	30% (4% tax credit)	323	326
<b>Total</b>	—	—	<b>641</b>	<b>650</b>

Note: \*30-year income restriction to expire sometime in the next 10 years.

### 2.9.2 King County Housing Authority

The King County Housing Authority has three properties with a total of 45 subsidized units. All of the housing units are 3-bedrooms and generally served families, seniors 55+ and disabled persons. In total, there are 686 income-restricted housing units in Des Moines which make up roughly 5% of the housing stock.

## Exhibit 29. King County Housing Authority Subsidized Housing Inventory in Des Moines, 2022

Source: King County Housing Authority

Property Name	Total Units	Types of Units	Housing Type
Victorian Wood	15	3-bedroom	Families, Seniors 55+ and Disabled Persons
Shoreham	18	3-bedroom	Families, Seniors 55+ and Disabled Persons
Campus Court 1	12	3-bedroom	Families, Seniors 55+ and Disabled Persons
<b>Total</b>	<b>45</b>	—	—

## 3. Housing Needs in Des Moines

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### 3.1 Residential Land Supply and Capacity

According to the King County Urban Growth Capacity Report, between 2006 to 2018, Des Moines has grown at 29% of the pace needed to achieve its growth target of 3,480 housing units. This indicates that Des Moines is underperforming in terms of producing housing units needed by 2035.

Based on King County’s residential land supply and capacity analysis, Des Moines has substantial land supply and capacity to accommodate the planned future housing growth. The majority of Des Moines housing capacity lies in its high- and medium high-density zones that have the capacity for about 7,622 housing units in both zones. Most of these housing units will be constructed on redeveloped land within Des Moines—which can pose development challenges for getting these units constructed due to market forces of high land values and high construction costs.

## Exhibit 30. Residential Land Supply and Capacity in Des Moines, 2022

Source: King County Urban Growth Capacity Report 2021

Density Level	Net Available Acres	Assumed Density (low/ high – units/acre)	Net Capacity (units)
Very Low Density	21.75	1.2 / 3.8	46
Low Density	77.86	4.4 / 8.8	220
Medium Low Density	3.98	12.4	41
Medium High Density	56.88	24.2 / 36.3	1,550
High Density	61.91	48.4 / 129.7	6,072
All Zones	222.37	—	7,930
Capacity in Pipeline			456
<b>Total Capacity (units)</b>			<b>8,386</b>
<b>Remaining Target (2018-2035)</b>			<b>3,067</b>
<b>Surplus / Deficit Capacity (units)</b>			<b>5,319</b>

### 3.2 Growth Targets

Under the Growth Management Act, King County in coordination with the cities in King County, adopts growth targets for ensuing 20-year planning period. Growth targets are policy statements about the amount of housing and employment growth each jurisdiction is planning to accommodate within its comprehensive plan. Growth targets are adopted for each jurisdiction and unincorporated urban King County in the Countywide Planning Policies.

According to the King County CPPs Des Moines is categorized as a High Capacity Transit Community and is planned to grow by 3,800 new housing units and 2,380 new jobs by 2044.

#### Exhibit 31. Des Moines Growth Targets, 2019-2044

Source: 2021 King County Countywide Planning Policies

Jurisdiction	Housing Target 2019-2044	Job Target 2019-2044
Des Moines	3,800	2,380

### 3.3 Housing Need by Income Level

Des Moines housing need by income level assumes that the current household income distribution in 2020 will remain constant through 2044. Under this assumption, 2,629 housing units or 70% of Des Moines housing growth target are needed for households who make 80% or less of the area median income.

Exhibit 32. Housing Need in Des Moines by 2044

Source: ECONorthwest Calculations

Household Income Distribution	Need per Des Moines Household Income Share Percent	Housing Units Needed
0-30% AMI (Extremely Low-Income)	23%	878
30-50% AMI (Very Low-Income)	24%	896
50-80% AMI (Low-Income)	23%	866
80-120% AMI (Moderate Income)	18%	702
120%+ AMI (Above Moderate-Income)	12%	459
<b>Total</b>	<b>100%</b>	<b>3,800</b>