
I. Highlights - - - - 2008

Puget Sound Economy: Striving Against National Trends

Uncertainty marks the economy of King County and the Puget Sound region in the middle of 2008. The nation seems poised on the brink of recession because of factors that began with the housing industry, carried into housing finance, and from there reverberated into the entire national economy. Analysts have been unable to determine whether the nation is officially in recession, but to many, it feels like a recession, with increasing unemployment and news about companies laying off workers. So far, King County has mostly resisted the national trends and national mood: unemployment is edging upward but is still well below national levels. Housing foreclosures have increased, but not to the extent of those in California or the East Coast. Home sales are down, but house prices have dipped only a little in contrast to much of the nation.

Until recently, our region's mood was upbeat, since we only recently recovered from the worst recession in 30 years. The local economy was charging ahead in 2006 and most of 2007 as King County left the recession behind. New population forecasts indicate we are growing faster than had been predicted in 2002, and there are construction cranes everywhere. But there is uncertainty about the future, and King County families are not immune to negative national forces. It doesn't show in the numbers reported for 2007 in the chapters below, but a sense of foreboding pervades many conversations, as high fuel prices absorb profits and spending on luxuries. A quick review: the economic downturn began abruptly in early 2001, and continued for four difficult years. 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. As a result, population growth slowed to a trickle when the job opportunities were everywhere but here. It took until 2007 for the number of jobs in King County to recover to year 2000 levels.

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 from 2001 until 2005. Many cities in King County showed a slight decline in population for the first time in decades. Immigration from overseas – our primary source of growth – may have slowed somewhat during this period as well.

With the economic picture improving in 2005, population growth picked up, too. King County's April 2008 population is estimated at 1,884,200 following three years of substantial increases. 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, as Bellevue becomes a big city. Unemployment has come down two full points to less than 4%. In mid-2008, aerospace employment in the Puget Sound region stood at 80,000, 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 and the possibility of an Air Force tanker contract.

Manufacturing industries other than aerospace were also hit hard by the recession, and now employ 68,000 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. House prices have dipped about 4%, but remain high, in contrast to the home-price impacts of the subprime mortgage crisis in the rest of the nation. Thus the complete picture is mixed, with some bright spots and many industries poised to grow in coming years. In early 2008, 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 how deep or sustained the local impacts of this turmoil will be.

King County Population Nears 1.9 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 147,000 persons, more than eight percent, since the 2000 Census to an **April 2008** estimate of **1,884,200**.

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	King County, WA	1,826,732	5.2%	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 has been slower since 2000 than in the 1990s.
- Seattle continues to hold nearly one third of the County's population. Remarkably for a central city, Seattle's growth rate increased during the 1990s after turning around a 30-year decline in the mid-80s. Seattle has continued to gain population since 2000, and now has nearly 600,000 people.
- South King County absorbed half of the county's growth in the 1990s. The area has continued to grow and is now approaching 600,000 residents.
- The Eastside also grew rapidly in the 1990s, and since 2000 has been the county's fastest-growing subarea, now totaling more than 400,000 persons.
- During the 1990s, job growth was split fairly evenly among the three subareas, but since 2000, the Eastside has gained the largest share of new jobs.

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.

King County Demographics

With more than 1,884,000 people, King County is the largest county in Washington State and the 14th largest in the nation. The County has more population than ten States including Montana and Nebraska. As a populous large

- 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 and jobs.
- 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. Since 2000, the growth of rural areas has continued at a slow pace of perhaps 1,000 persons per year. Population growth in this subarea has been focused in several rural cities.

Race and Ethnicity: Beyond total growth numbers, the other major story of recent 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, showing 30% are now persons of color. Non-Hispanic whites are the slowest growing racial group, gaining only 1.5% to 2000, then decreasing slightly. Between 1990 and 2000, the Hispanic/Latino population more than doubled, and by 2006 had reached 7% 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 most significant trend. At 22 percent Asian, Bellevue has the highest Asian percentage among King County cities. 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 and Latin America. Countywide, the foreign-born population more than doubled, to an estimated 363,000 persons in 2006.

Age: The baby boom is maturing into middle years with the age category 45-54 growing the most rapidly at 59%, 15% more by 2006. The senior population as a whole is not growing rapidly, although the over-85 population increased by 44% in the 90s and slightly more since 2000. The number of preschoolers is stable at 113,000, growing at the same pace as the county's total population. The population of children (under 18) remained at less than one fourth of the total, with most of the increase among older children.

Households: King County gained 95,000 households during the 1990s 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 exceeds the number with children.

HOUSEHOLD TYPES, 2006

◆ 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

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 – 147,000 -- is equivalent to the total current population of the city of Bellevue. King County is forecasted to grow by an additional 260,000 persons (14%) to about 2,146,000 in 2022.

The number of housing units in King County is growing as fast as our population. In 2006, there were an estimated 803,000 houses, apartment and condo units and mobile homes, an increase of 69,000 units (8%) since 1990. The increase in housing since 1990 is almost evenly divided between single family including mobile homes (+32,000) and multi-family (+29,000 new units).

Household size has stabilized after declining in the 1970s and 1980s, and is now estimated at 2.39 persons per household. Housing prices, both rents and purchase prices, trended upward

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 in 2000 and 2.38 in 2006, 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.

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 2007-8. Median single-family house value rose 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. Since 2006, real estate data indicate that median house price has actually dipped about 5% while rents continue upward. It is probable that the home ownership rate has dropped somewhat as the foreclosure rate has increased.

Educational attainment: King County is a highly educated community in which more than 90% of the adult population have 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 2006 ACS from the Census reports as many as 93,000 persons over age five (5.4% of the population) do not speak English well or at all. This number is more than three times the corresponding number in 1990, reflecting the significant amount of immigration that occurred in the last sixteen years. Languages with the largest number of speakers include Spanish with more than 100,000, Chinese with 47,000, Vietnamese with 34,000 – quadruple the 1990 number; Tagalog with 23,000; and Korean with 20,000 speakers. The diversity of European languages also increased greatly, especially Russian which multiplied ten-fold to 18,000. Various African languages include more than 25,000 speakers.

Between 1990 and 2006, the foreign-born population more than doubled to 363,000 – 20% of the King County population. Immigrants to King County came from literally all over the world, with Mexico (47,600), China (35,800), Vietnam (31,000), and the Philippines (25,600) sending the most people. King County has 9,700 residents from the Ukraine and 7,000 from Russia – both big increases from the 1990 Census. Almost 30,000 are from Africa, including 7,400 from Ethiopia. School district data on languages confirm the wide distribution of large immigrant populations throughout King County's communities.

in the 1990s: median house price rose 69% from \$140,100 to \$236,900 in 2000, and \$394,000 by 2006. Median rent increased from \$509 to \$875 by 2006.

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 \$65 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.

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.

Income: Median household income is the most widely used single measure of income. The 2006 ACS reported that median household income was \$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 a quarter of King County households reported more than \$100,000 income, and almost one third reported incomes under \$40,000. Every community and every ethnic group has households with high and low incomes. However, there is still an income disparity by race. At \$38,000, the median for African-American households is barely above the year-2000 median; Native American and Hispanic households reported 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 2006 ACS reported that 170,300 persons or 9.5% of the population were below poverty thresholds, up substantially from 8.4% in 2000 and 8.0% in 1990. An additional 221,500 persons reported incomes below 200% of the official poverty thresholds, still very low income. Like income, poverty is unequally distributed, with disproportionate percentages among minority groups.

Commuting data: More than 900,000 King County residents reported commuting to work in 2000, 106,000 more than in 1990. 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 apparent that since the heady days of the dot-com boom, wage growth has been somewhat more broadly distributed.

King County Jurisdictions

Governmentally, King County is divided into 40 jurisdictions. As of 2005, there are 39 cities ranging in size from Seattle with 592,000 and Bellevue with 119,000 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.

Unincorporated King County, the territory outside any city, now has about 341,000 people or 18% 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 250,000 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.

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 five 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 – but few such measures are required in King County.

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 RCW.36.70A.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 pages 64-65 in the King County Cities chapter.

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 square feet of space in commercial zones and 10 million square feet 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

A Roller-Coaster of Incorporation and Annexation Activity

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. As recently as 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 population, 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.

Two factors intervened to change the balance of jurisdictions in King County. First, a desire for more local control led to incorporation drives in the Federal Way and SeaTac communities. Then the state Growth Management Act (GMA), adopted in 1990 and subsequently amended, boosted the incorporation movement by stating that cities, not counties, were the 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.

A total of ten new cities formed from 1989-2000, shifting a quarter million people into city limits. During the same period, another 70,000 persons annexed into existing cities. By 2000, the 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 some of their growth had been annexed away. Many of the remaining Urban unincorporated islands are now claimed by an adjacent city as part of its future territory, and referred to 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 the county’s ability to provide regionwide services to all King County residents. In order to minimize service costs, there is an effort to absorb 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 most of the County government can focus on providing countywide “regional” services such as transit, health, courts and jail services.

In the first part of the current decade, there was a lull in annexation activity after a decade of new and expanded cities. From April 2000 to April 2007, fewer than 16,000 persons and 6,300 acres were annexed – a tiny fraction of the activity the previous decade. Most of the population change and half the acreage were accounted for by three cities: Issaquah, Bellevue, and Federal Way. At the beginning of the decade, Bellevue annexed the West Lake Sammamish neighborhood with 2,700 people. Federal Way added three small areas totaling the same population. Issaquah added territory with 6,200 people to its north, filling in gaps toward Bellevue and Sammamish.

Then in late 2007, three communities voted to join Auburn and Renton: Lea Hill with 11,400 people, Auburn West Hill with 4,300, and the Benson Hill communities with more than 16,000. Together, these three annexations have shifted 32,000 persons and 6,500 acres into the “cities” column as reported on page 63. The annexation of areas with a population greater than 10,000 enabled Auburn and Renton to utilize the State Sales Tax Credit to assist in the transition to providing local services to the new residents. For unincorporated King County, these annexations exhibit a degree of success of King County’s annexation initiative, a reduction of the unincorporated population to 341,000 persons, and recognition that the remaining urban areas contain fewer than 200,000 people. If this population were all in one place, it would still be Washington State’s fourth-largest city, but this territory continues to be reduced as annexations proceed. In contrast to 20 years ago, unincorporated areas now contain a relatively small share of King County population, jobs and economic activity, while the suburban cities in aggregate have more than half the county population and a large share of the county’s economy. Now, nearly 80 percent of King County’s new housing units are constructed in cities. Almost all commercial activity is in cities – unincorporated areas contain less than four percent of countywide jobs.

More large annexations are contemplated as cities and communities weigh the benefits of city status for longtime unincorporated neighborhoods. Residents of the Fairwood area southeast of Renton have notified the Washington State Boundary Review Board for King County (BRB) of their intent to incorporate as a new city. Once the BRB review process is complete, the proponents will have the option to place the incorporation proposal on the ballot. Meanwhile, another group in Fairwood has formed to petition the City of Renton for annexation of the area. The Panther Lake community northeast of Kent is also moving toward an annexation vote in the near future.

Residents of North Highline and the adjacent cities of Burien and Seattle are considering the future of that diverse community. The City of Bothell has expressed interest in annexing the Juanita, Finn Hill and Kingsgate neighborhoods in an area designated for annexation by Kirkland. In 2007, residents of East Renton and East Federal Way voted against joining cities; annexations in those areas will likely proceed with small, petition-based measures. There remain significant political and community-level challenges to annexing or incorporating urban unincorporated areas, including diverse needs and geography of the remaining areas. King County continues to work with cities and residents to address each potential annexation area’s unique needs and conditions.

Eighteen 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 21st 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 12 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;
- Rehabilitation of habitat for salmon and other wildlife;
- Increased residential densities in Urban areas;

Fourteen 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 21st Century

The Countywide Planning Policies (CPPs), adopted to implement the State Growth Management Act (GMA) in 1994, established “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. A similar process has begun for a new target update in 2009-10.

The targets grew out of two principles: that each jurisdiction will take a share of the County's required growth, and an attempt to balance household and job growth in broad subareas of the County. The methodology removed rural areas from consideration as locations of growth, assigning rural a small share of total household growth – 6,000 new households – to encourage most of the county's growth to occur within the Urban Growth Area (UGA). The UGA was divided into three contiguous subareas (Seattle-Shoreline; the Eastside; South King County) and a fourth subarea consisting of six Rural Cities. Shares of population and household growth were equated to shares of forecasted job growth in each of the three big subareas. The tables on page 36 and 52 summarize the current targets. Another new set of growth targets will be developed by 2010, based on the late-2007 OFM population forecast for King County as a whole. It will also serve to implement the regional growth strategy put forth by the Puget Sound Regional Council's “Vision2040” growth plan.

The table on page 66 shows current 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 household growth numbers 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 Urban King County will be within city limits.

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. However, after 2000, the relationship reversed with the recession, while housing construction continued. In the four years 2000 through 2003, King County lost 81,000 jobs but gained 45,000 new housing units. That brought the 14 year net change to 170,000 jobs and 140,000 housing units – in balance and in keeping with the long range forecasts. However, renewed growth since 2004 has raised the issue again.

In comparing the actual growth to targets, it is important to remember the cyclical nature of Puget Sound growth. Recent permit levels have exceeded the annualized targets throughout the county. In the next few years, once interest rates and the housing market stabilize, steadier housing growth should bring us back to the long-range trend. The newest OFM population forecast tells us to expect faster growth than the current targets were based on – yet the growth rate is predicted to be much slower than King County experienced in the 1980s and 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 goal. 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, amounting to less than 8% of the countywide population.

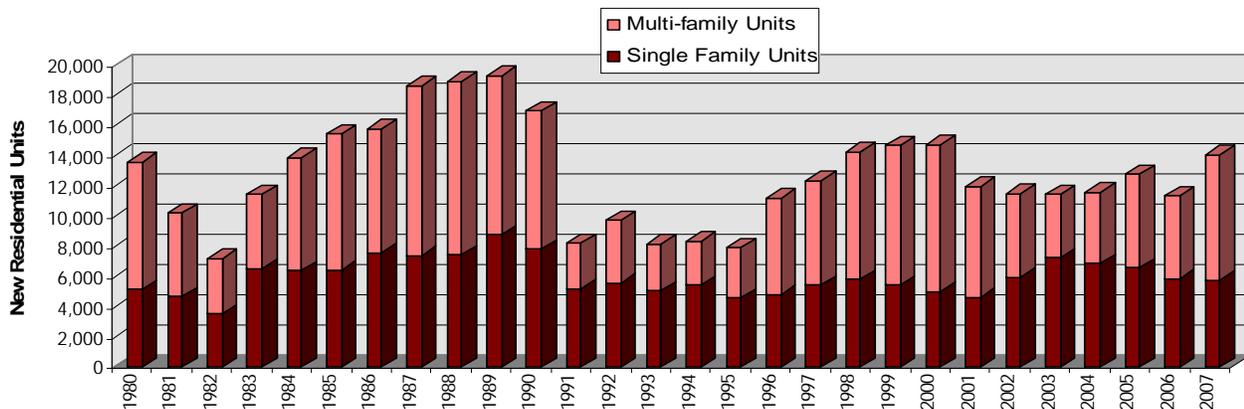
Multifamily construction drives residential development

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 increased 24% in 2007 to about 14,000 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. Like last year, 25% of single family permits issued are in unincorporated King County. The cities of Seattle, Bellevue and Renton each permitted more than 1,200 new houses, while more than 1,300 new houses were authorized in all of unincorporated King County.

There was a significant increase in multifamily construction in 2007 – about 2,800 new apartments and condominium units more than in 2006. 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 3,500 multifamily units, and Bellevue with over 1,500 units was well above last year but below the boom years around 2000.

Total New Residential Units Permitted Single Family and Multifamily 1980 – 2007



The Puget Sound area recession and the nationwide problems in the housing and lending industries have begun to affect subdivision activity. Countywide, the number of lots in new recorded subdivisions continued to decrease, from 4,100 new lots in 2006 to just over 3,000 lots in 2007. Like last year, almost a third of the year 2007 recorded lots were in unincorporated King County. The Kent NE Potential Annexation Area had the most recorded lots (235 new lots) in unincorporated King County. The Redmond Ridge Master Plan Development is approaching its final phase and continues to record lots – 372 lots. Among the cities, plat development was widely distributed. The City of Kent among incorporated areas had the highest number of lots recorded with 430. The Cities of Redmond, Renton and Auburn each had more than 150 new lots in plats. Covington, Maple Valley and Kenmore also had substantial numbers.