

Appendix T-2

Population, Housing and Employment 2000-2010

City of Covington

By
Community Development Department
City of Covington
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EXECUTIVE SUMMARY

The purpose of this appendix is to update and to summarize general demographic, housing, and employment data to support ongoing use and adaptation of the Comprehensive Plan. The following section provides a summary of findings.

At a Glance Demographic Profile

The following summary is based on the best available data as of December, 2007. Because seven years have passed since the decennial census of 2000, all of the data below are estimates and are rounded to approximate levels of accuracy. The year of the most recent data or reasonable estimate is given in parentheses. Methodology and data sources are detailed in the body of the appendix which follows.

Population (projected for April 1, 2008)	17,900
Percent of Population below 18 years (2000)	34%
Percent of Population over 65 years (2000)	4%
New Housing Units Built (2000 – 2007)	1,392
Percent New Single Family Detached	78%
Percent New Multi-Family or Attached	22%
Annexed Housing Units (in 2005)	117
Total Existing Housing Units (by April 1, 2008)	6,120
Percent Single Family Detached	93%
Percent Multi-Family or Attached	7%
Total Households (by April 1, 2008)	5,830
Percent Owner-Occupied (2000)	91%
Average Household Size in 2000 (Persons per Household)	3.13
Estimated Average Household Size by 2008	3.07
Total Employment in Covington (2006)	3,610
Average Wage for Jobs in Covington (2004)	\$26,700
Median Household Income (2008)	\$77,200
Median Home Price (2006)	\$300,000

INTRODUCTION

Data Sources

Data used in this report has been gathered from the 2000 U.S. Census, the State of Washington Office of Financial Management (OFM), the Puget Sound Regional Council (PSRC), the King County Annual Growth Report, the Annual Benchmark Reports, King County Assessor's data, the Washington State Employment Security Department (ESD), the Northwest Multiple Listing Service (MLS), U.S. Department of Housing and Urban Development (H.U.D.) and development activity reports of the Covington Department of Community Development.

The OFM is the official source of population data for counties, cities and towns for the State of Washington as it relates to the allocation of selected state revenues. The official OFM April 1 population estimates are based on 2000 US Census data and are used to adjust the allocation of state revenues to municipal jurisdictions. OFM prepares long-range population projections at the State and County levels, which may then be allocated to smaller units at the County level.

The Puget Sound Regional Council (PSRC) is another important data source. The PSRC is a comprehensive planning agency that serves as a forum for developing policies and making decisions about regional growth and transportation issues in the four-county central Puget Sound region, which includes King, Pierce, Snohomish, and Kitsap counties. The PSRC does not duplicate the activities of local and state operating agencies and jurisdictions, but supports their needs with complementary planning and advocacy, and serves as a center for the collection, analysis and dissemination of data. Its mission is to establish and carry out goals, policies, and standards for regional transportation and regional growth management in the central Puget Sound area.

PSRC prepares small area forecasts of population, households and employment to meet the requirements of federal transportation planning. It uses econometric models to project future employment and population and to allocate population to local forecast analysis zones (FAZ) or transportation analysis zones (TAZ). It makes an effort to make the countywide totals generally consistent with OFM countywide projections. The FAZ which includes Covington consists of several census tracts in the area which do not coincide with the Covington city boundaries, and thus are of limited value in providing forecast information.

Methodology

The baseline for population and housing data is the 2000 U.S. Decennial Census. This baseline has been updated by using a housing development methodology and comparing it to OFM estimates.¹ The actual development data for Covington over the past seven years provides a very close estimate of net new housing units (accounting for residential demolitions and annexations as well as new construction). A discount of 5% is applied to new units to account for non-

¹ This is a widely-used methodology for estimating population growth between censuses. It generally provides more accurate information for a relatively small area than a birth rate minus death rate plus net in-migration methodology. There is no easily available way, other than new housing, to estimate in-migration at the local level. School enrollment is sometimes used as a surrogate for net in-migration. However, in the case of Covington, school enrollment does not always coincide with city boundaries.

completions and vacancies. This yields an estimate of households which are defined by the Census Bureau as occupied housing units.

In 2000 the average household size in Covington was 3.13 persons per household. This was considerably higher than the average of 2.39 persons per household in King County as a whole. This reflected the fact that most of the housing stock in Covington was single-family detached homes. As the proportion of multi-family housing grows in Covington, the average household size is likely to be lower. For the period from 2000 to 2007, the 2000 average of 3.13 has been applied to new single family homes, and an average household size of 2.0 has been applied to new apartment units in order to estimate new population in the City.

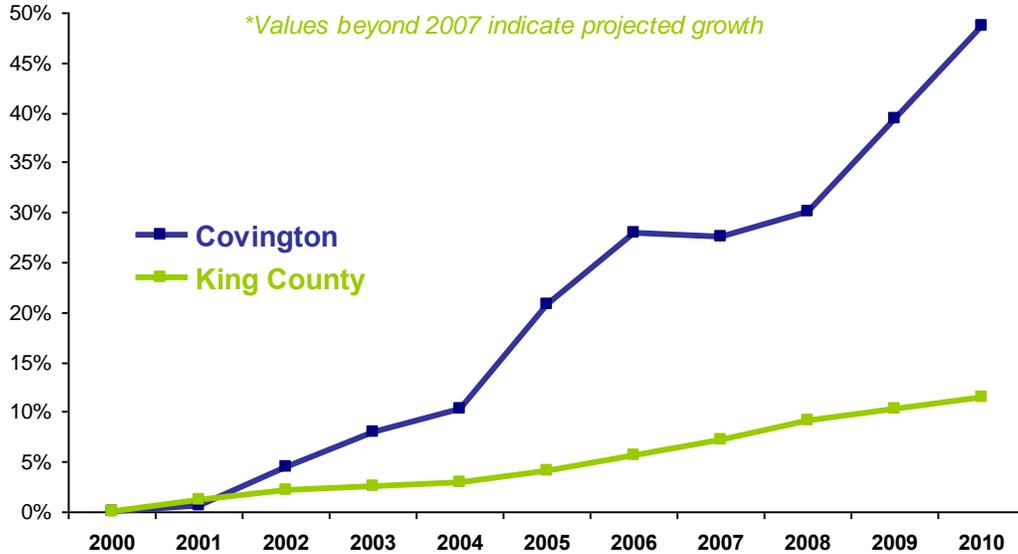
The 2000 Census population is added to new population (based on new housing added from 2000 to 2007) in order to arrive at the April 1, 2008 population estimate.² This estimate is then compared to WA State OFM figures. Dividing the current total population by the current number of housing units yields a new average household size of 3.07.

WA State OFM estimates population for cities year by year using a combination of methods. OFM's population estimate of 17,240 for April 1, 2006 and 17,190 for April 1, 2007 represent approximately a 25% growth for the city from 2000 to 2007. This is slightly lower than the estimate of 17,560 for 2006 arrived at by using the local development methodology. The decline between 2006 and 2007 may accurately reflect a net loss of housing units last year due to the demolition of about 109 mobile home units. However, 2007 development activity is estimated to bring the April 1, 2008 population to approximately 17,900. This will be a 30% increase over the 2000 population figure. Population has also been projected out to 2010 based on current development already in the pipeline. The difference between the local estimate and OFM's estimate is within a reasonable margin considering the many factors affecting small area population growth.

² Since the Decennial Census is taken on April 1, this is the date used by WA State OFM and PSRC for annual population estimates. Generally speaking, most housing units permitted in the previous year, will be occupied by April 1 of the following year or shortly thereafter. A 5% discount compensates for non-completions.

Population and Age Distribution

Percent Change in Population in Covington and King County: 2000 to 2010*



While Covington grew by about 30% from 2000 to 2008, King County’s growth during that period was approximately 9%. Based on development activity currently in its early stages, Covington could add more than 840 additional households by 2010, or about 2,500 more people. This would bring its population to about 20,300. If development slows down due to a sluggish economy, population is still likely to reach 19,000 by 2010. Previous projections indicated that Covington would not exceed 20,000 until at least 2013.

Distribution of Population by Major Age Groups in 2000



Source: U.S. Decennial Census 2000

Covington has a young population. 34% of its population was under 18 years of age in 2000. This meant that there were about 3,300 young people of elementary and secondary school age in 2000. The median age for men was approximately 31 years of age, while it was closer to 33 years of age for women. Only 4.4% of the population was 65 and over. 61.5% of the population was between 18 and 64 years of age.

Gender and Race Distribution

One interesting anomaly is that in 2000 Covington’s population was 52% male compared to 48% female. However, beginning with the age groups in the mid-twenties, women tended to be a slightly higher proportion of the population in every age group. The only exception was for 65 – 69 year olds where males were the larger group.

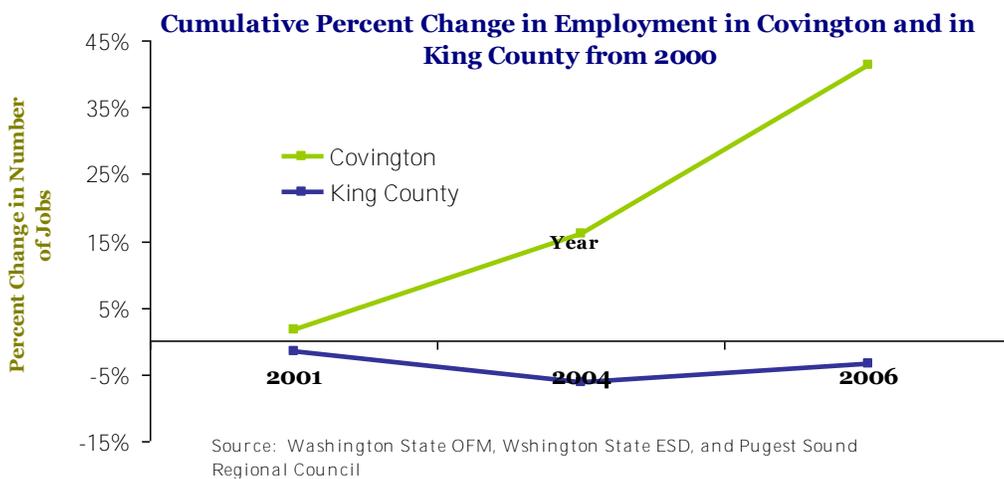
Covington’s population includes small percentages of African-American, Asian and Native American residents, but in 2000 it was still predominantly white. About 4% of the population identified themselves as Hispanic.

Race or Ethnicity	Total	Hispanic	Percent	2008 Est.
White	12120	233	88.0%	15,757
Black or African American	304	2	2.2%	395
American Indian	49	13	0.4%	64
Asian	358	8	2.6%	465
Pacific Islander/ Native Hawaiian	49	0	0.4%	64
Other	327	244	2.4%	425
Two or More Races	561	43	4.1%	729
Total	13768	543	100.0%	17,900

*In the 2000 Census Individuals could identify themselves by both race and ethnicity (i.e. Hispanic) or by more than one race

Employment

Despite a dip in employment in 2002 and 2003, Covington experienced strong job growth from 2000 to 2006, gaining over 1000 jobs. This represents a 41% increase in local employment during these six years.

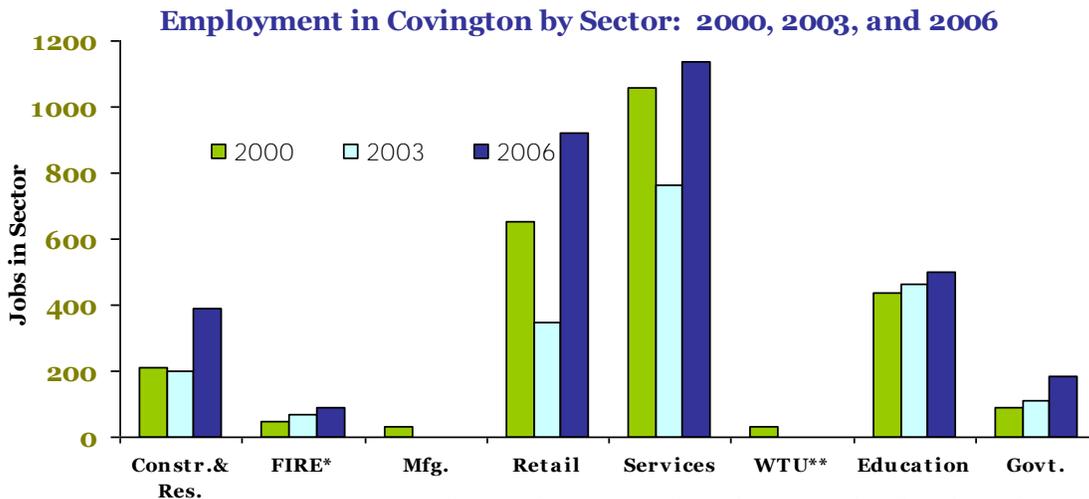


Covington has outpaced King County in job growth since 2000. After very strong job growth during the late 1990s through 2001, King County employment declined for several years. Although King County employment has improved, there are still fewer total jobs than in 2000 to 2001. Covington, on the other hand, has experienced rapid job growth since 2003.

	Const/ Res	F.I.R.E.*	Manufacturing	Retail	Services***	WTCU	Education	Government	Total
2000	211	46	33	655	1,057	29	438	90	2,558
2001	238	60	30	616	1,125	32	410	92	2,602
2002	241	62	31	617	1,207	41	461	92	2,752
2003	201	66	**	348	1,064	*	464	109	2,332
2004	404	95	**	617	1,186	*	475	119	2,970
2005	330	112	**	906	1,394	*	503	151	3,470
2006	388	90	**	923	1,435	*	501	186	3,613

*Finance, Insurance, and Real Estate Sector. **Data suppressed for confidentiality when it represents fewer than 3 firms.***Because of a reporting error, approximately 300 jobs in the health sector have been added back into Covington's employment data.

The majority of jobs in Covington are in the retail or services sector. Many of these tend to be relatively low-paying jobs, although service jobs may include higher-paying professional services. There has been a significant increase in jobs in those two sectors since 2000. Construction / resource extraction has grown significantly, while education, F.I.R.E (finance, insurance and real estate), and government sectors have had modest job growth.

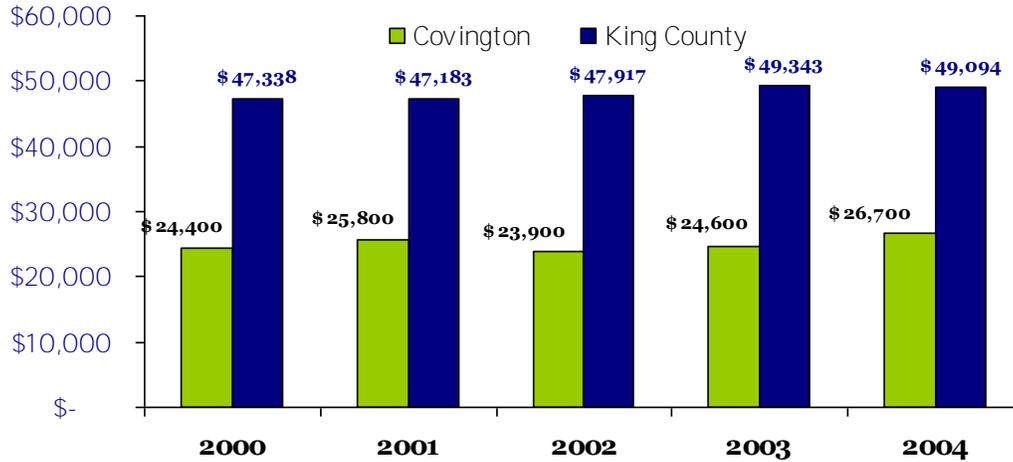


Source: WA State Employment Security Department and Puget Sound Regional Council
*Fire, Insurance and Real Estate; **Wholesale Trade, Warehousing, Transportation And Utilities

Wages in Covington

With many of its jobs in retail and non-professional services, average annual wages for those who work in Covington remain low. In 2004, the latest year for which local wage data is available, jobs in Covington paid an average annual wage of \$26,700 - only about 54% of the average annual wage for all of King County. However, this is an improvement over 2000 when wages in Covington were about 51.5% of wages in the County.

Average Annual Wages Per Worker in Covington and King County: 2000 to 2004



Source: Washington State Employment Security Department (ESD) "ES-202" data series, published by Puget Sound Regional Council.

In real (after inflation) dollars, County wages dropped slightly between 2000 and 2004, while Covington’s wages have risen at about the same rate as inflation.

A “living wage” is defined as one which “allows families to meet their basic needs without resorting to public assistance, and provides them some ability to deal with emergencies and to plan ahead. It is not a poverty wage.”³ The terms “family wage” and “living wage” are often used interchangeably. The amount of a living wage will differ depending on the size of the family or household.

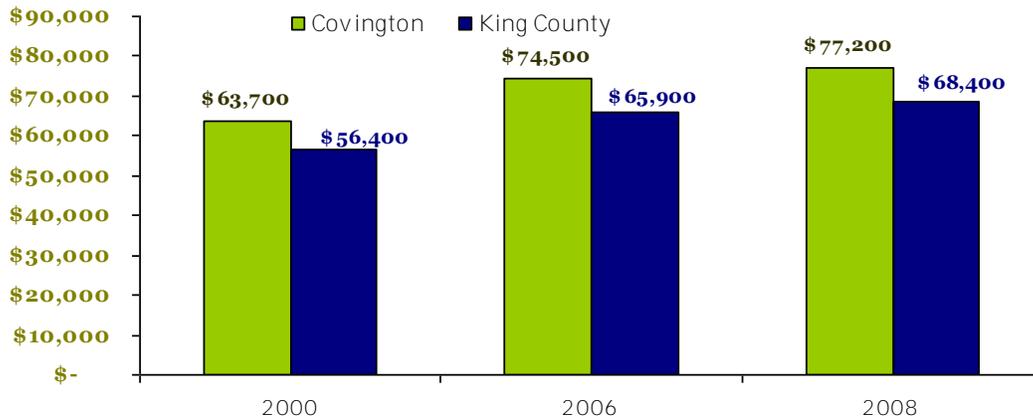
In 2004, the living wage in Washington State would have been about \$46,500 (about \$23 per hour) for a household of one working adult with a toddler and a school-age child. The average job in Covington paid only about 57% of this. In 2007, it was estimated that the living wage for a single adult with two young children living in King County would be \$58,300 (about \$29 per hour).

Household Income of Covington Residents

Although wages in Covington are low, median (mid-point) household income in the City is higher than the County’s median household income. Median household income is measured in census years, and is difficult to estimate in intercensal years. In 2000, Covington’s median household income was \$63,711 compared to \$56,417 for all of King County. Assuming that income growth in the City has roughly kept pace with income growth in the County, it is estimated that Covington’s median household income in 2008 will be about \$77,200.

³ The Race for Wages: Living Wage Jobs in the Current Economy: 2007 Northwest Job Gap Study, and The 2005 Northwest Job Gap Study, both published by the Northwest Federation of Community Organizations. The full reports are available at www.nwfc.org/job_gap.htm. An earlier version of the Northwest Job Gap Study was published by the University of Washington Northwest Policy Center in 1999.

Median Household Income Per Year in Covington and King County

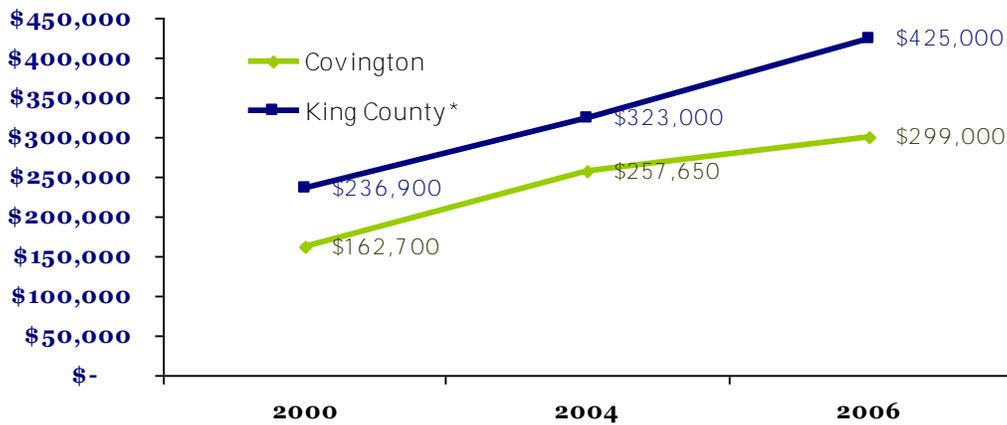


Source: U.S. Decennial Census 2000; H.U.D. Median Family Income and Income Limits at http://www.huduser.org/Datasets/IL/IL08/wa_fy2008.pdf
 Covington 2008 estimate based on application of Countywide income growth rate to the City.

It seems apparent from the wage and household income data that many Covington households earn a major portion of their income outside of the city, although one wage earner may work in town. Two workers earning the average annual wage in Covington would make only about 75% of the city’s median household income.

Home Prices

Median Home Prices in Covington and King County



Source: U.S. Decennial Census 2000 and MLS database of annual home sales. *For King County, 2000 Census data is for all homes, including condominiums, while 2004 and 2006 data is MLS data for home sales for single family only. Since nearly all owner-occupied homes in Covington are single-family, these represent a better basis of comparison.

The median price paid for homes sold in Covington in 2006 was nearly \$300,000. This was up 84% from the home value of \$162,700 reported in the 2000 census. In real dollars (after accounting for inflation), Covington home prices rose about 53% over a seven year period while King County median home prices rose about 50% during the same period.⁴

⁴ Although King County’s median home price increased more in current dollars, the increase is less as a percent of the 2000 base price when calculated in real dollars.

Covington's home prices remain relatively affordable compared to the County as a whole.

Housing Growth and Prospects for Future Residential Development

Covington permitted 1,575 new housing units during the 2000 to 2007 period, and demolished 184 for a net gain of 1391 units. Another 117 housing units were annexed. This means the addition of 1508 units or approximately 1,439 new households.⁵ 78% of new residences in Covington from 2000 to 2007 were detached single family homes.

At the time of the last census, the household size in Covington was 3.13 persons. However, the creation of over 300 new multifamily units has decreased the average household size to approximately 3.07. The King County average household size is 2.38.

There are currently over 900 subdivision lots under consideration in the City of Covington, as well as projects that would construct about 300 more multifamily units. The proportion of these which will actually be built by 2010 depends on many economic factors. A fairly conservative estimate would be that about 70% of these (approximately 840 units) are likely to be ready for occupancy by 2010, housing about 2,400 more residents.⁶

GMPC Household and Employment Targets⁷

The Growth Management Act (GMA), passed by the State Legislature in 1990, requires that counties and cities develop a collaborative set of framework policies, known as the Countywide Planning Policies (CPPs), to guide development of each jurisdiction's comprehensive plan. In 1994, the CPPs were amended to include household and employment targets (or goals) for each jurisdiction to achieve during the 20-year planning period. The intent of the targets is to provide a regional framework for the accommodation of new households and to demonstrate a commitment to accommodate growth in the adopted Urban Growth Areas (UGA).

Household Targets⁸

Based on OFM population forecasts, cities in King County were assigned household growth targets for the initial twenty-year growth management period from 1993 to 2012. In 2001, after assessing growth trends evident in the 2000 Census, revised population and employment forecasts led to the revision of household targets for the 22-year period from 2001 to 2022. These revised and extended the earlier target. Although it was only incorporated in 1997, Covington was assigned an initial growth target of 1493, or about 75 units per year. During the eight years from 1993 through 2000, about 507 households were added, for an actual average of about 64 households per year. The City of Covington was given credit for housing units permitted by King County from 1993 – 1997, if they were built within the current city limits.

⁵ Net new units permitted are discounted by 5% to account for homes that are not completed and for vacancies. Households are defined as occupied housing units.

⁶ Because a higher proportion of these units are multifamily, the average household size (persons per household) is estimated at 2.88 for the 2007 to 2010 development.

⁷ The King County Growth Management Planning Council (GMPC) is the formal council comprised of elected officials from King County, municipalities, and special purpose districts that collaborate to implement the Countywide Planning Policies, and to monitor and manage growth throughout the County.

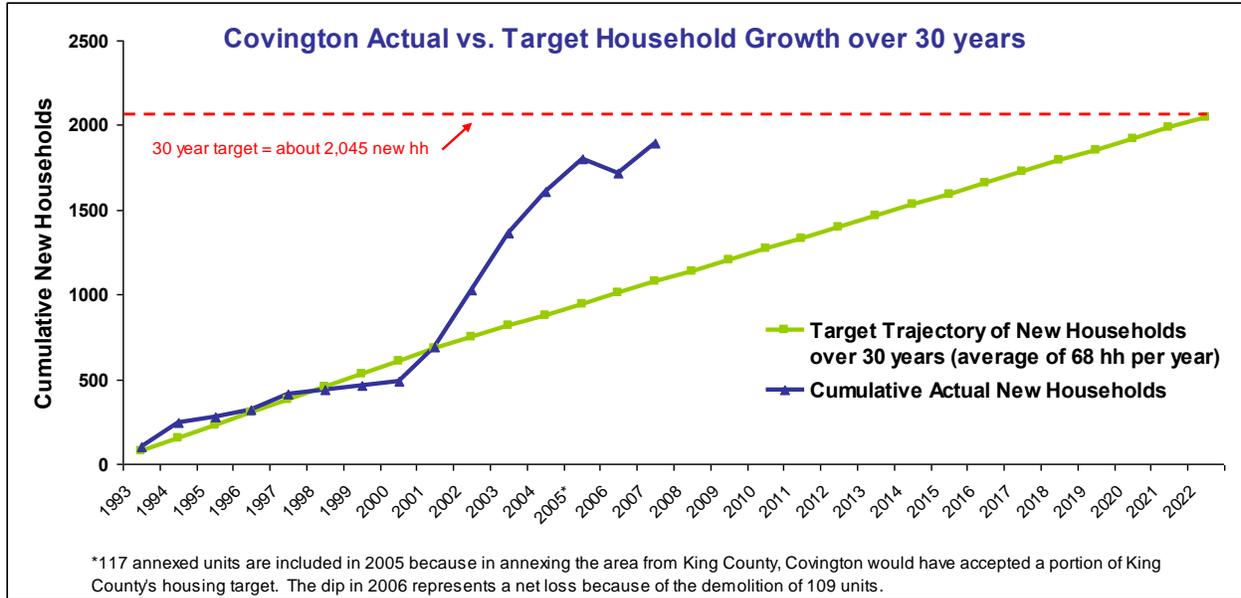
⁸ Note that the target is for new *households* rather than new *housing units*.

In order to accommodate different levels of regional employment growth, each of the four urban sub-regions of the County (Seattle/Shoreline, East County, South County, and the Rural Cities) were allocated an appropriate portion of overall residential growth. The jurisdictions in each sub-region met and negotiated specific targets for their cities. The City of Covington agreed to be responsible for a target of an additional 1,373 households by 2022 (beyond the target it had agreed to achieve through 2000). By 2004, it had reached 82% of the new target, by 2005 it had reached 87%, and by 2007 it had reached 96%. It is likely that it will reach 100% of its target in 2008. The South region as a whole had reached 38% of its target by 2005.

New Housing Units and Households in Covington from 2000 to 2007					
Year	Net New Housing Units	Cumulative New Units	Cumulative New Households*	Target by 2022	Percent of Target Achieved
2000	31	31	29	1373	2%
2001	215	246	234		17%
2002	353	599	569		41%
2003	352	951	903		66%
2004	259	1210	1150		84%
2005	82	1292	1227		89%
2006	-82	1210	1150		84%
2007	181	1391	1321		96%

*Net new housing units are discounted by 5% to account for vacancies and incompletions. Annexed units are not included here since they do not contribute to the housing target. Technically, units built in 2000 would not count toward the 2022 target, but they are included here for consistency with other data.

If one considers the whole thirty-year growth period from 1993 to 2022, Covington is expected to accommodate about 2,045 households. As the graph below shows, growth was slower during much of the 1990s because of moratoriums on development due to concurrency requirements. However, by 2001, housing development in Covington had gained momentum, allowing it to accommodate new households much more rapidly than the target required. Midway in the 30 year period, we are just 200 units short of achieving the full thirty-year target



By accepting a large share of growth, Covington takes pressure off of older cities that are growing more slowly, and which often have very limited land capacity.

Land Capacity

Having nearly achieved its 2022 target for new households, Covington continues to have considerable capacity for new housing units. The 2007 King County Buildable Lands Report estimated that Covington had the capacity for 3,300 new units in 2005, based on its existing land supply and the typical number of dwelling units per acre achieved since 2001. Of this capacity, approximately one-third (1,130 units) could be built in mixed use or multifamily zones, while two-thirds (2,170 units) could be built in single-family zones.

Existing Housing Stock

The following table provides a summary of the existing housing supply by structure type within the incorporated City of Covington. In 2007, it is estimated that the City has a total of 6,120 housing units, of which 93% are single-family detached. However, 22% of units constructed since 2000 are multifamily, and the trend toward more multifamily or attached units is likely to continue.

	Existing Units in 2005*	Net New in 2006 - 2007	Total at end of 2007	Percent by Structure Type
Single Family	5259	82	5341	91%
Annexed Single Family			117	2%
Multi Family	243	121	364	6%
Mobile Homes or Other	137	-105	32	1%
Total Units	5639	98	5854	100%

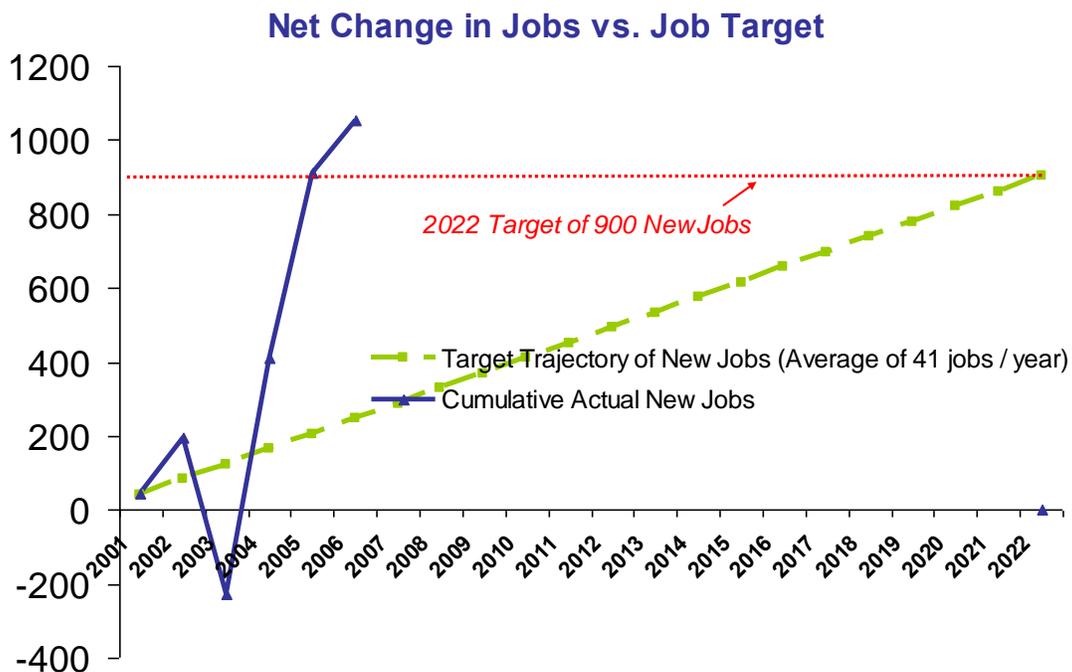
*Based on OFM data. The number of housing units by structure type is not reported in the Decennial Census. The total number of housing units reported by OFM is less than that calculated by the census + local development method.

Employment Target and Capacity

King County maintains 20-year job growth targets for the year 2022. County employment targets in urban areas are based on the following criteria (King County Countywide Planning Policies 2002):

- The capacity and condition of existing and forecast capital facilities and utilities,
- Proximity to major employment centers
- Access to existing and projected regional transit
- Capacity of undeveloped land and potential for redevelopment given the type of existing development
- Consistency with the Countywide numbers

The City of Covington's employment target is 900 new jobs by 2022.⁹ As described in the **Employment** section above, Covington gained 1055 new jobs between 2001 and 2006, achieving over 100% of its 2022 employment target. Employment growth, however, is much less permanent than housing growth, so an economic downturn could negatively affect employment in the City in the short term.



According to the 2007 Buildable Lands Report, the land supply for commercial and industrial development is sufficient to create more than 3,300 new jobs in Covington over the long term.

Jobs to Housing Ratio

One goal of growth management in King County is to encourage the development of housing in proximity to job growth, and vice versa. The strategy of balancing housing and job growth is intended to

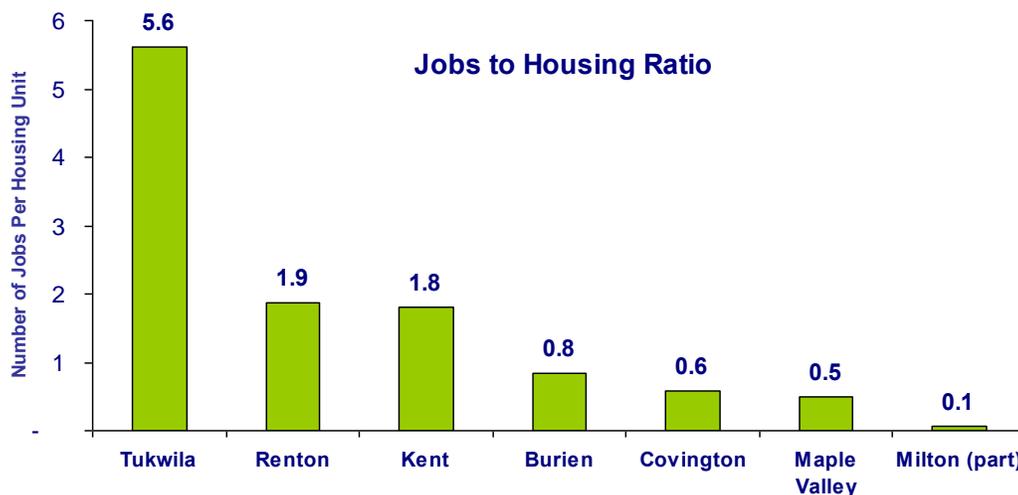
⁹ King County Buildable Lands Report. King County Office of Management and Budget, 2007.

reduce the need for long commutes, and to keep living and working communities easily accessible to each other.

There is a wide discrepancy within the County and within the state in the ratio of jobs to housing in different communities. There is no clear benchmark for the “right” ratio of jobs to housing. For the U.S. as a whole, the average in 2002 was about 1.3 jobs per housing unit, while in Washington State the ratio was about 1.2 jobs per housing unit. In King County, the 2006 ratio was 1.4 jobs per housing unit. However, cities ranged from having 5.6 jobs per housing unit to .07 jobs per housing unit (or only about 7 jobs per 100 housing units).

Because certain communities have historically had the bulk of jobs, while others have had a more residential character, it has been suggested that promoting a good balance of jobs and housing within sub-regions of the County is a more realistic goal than expecting to attain an ideal balance in each town. At the same time, the effort to bring jobs and housing closer together can help to reduce traffic congestion, air pollution, greenhouse gas emissions, and energy consumption. By shortening commutes it can improve our overall quality of life.

The graph below shows the significant difference in the number of jobs per housing unit for selected cities in the South Sub-Region of King County. Covington clearly lies on the “residential” end of the spectrum. Since 2000 it has been gaining jobs at a slightly faster rate than housing. This pattern is likely to continue into the near future. In the long term, it is possible that continued economic development could increase the number of job opportunities “close to home”, and create a jobs-housing ratio that is nearer to the average for the County as a whole.



The sub-regions of King County have average jobs-housing ratios that are closer to that of the County and the State as a whole. But even among the sub-regions there are obvious differences. Despite the fact that Seattle is the largest job center in the County by far, it also has the most housing units. The jobs-housing ratio is the highest in the East sub-region of the County, with the Sea-Shore region¹⁰ and the South region nearly the same. The rural cities and unincorporated areas have a much lower number of jobs per housing unit.

¹⁰ The Sea-Shore sub-region consists of Seattle, Shoreline, and Lake Forest Park.

Ratio of Jobs to Housing Units by Sub-Region of King County (2006)**

