

# 2022 Housing Incentives and Tools Survey (HITS)

Summary of final report and findings

Regional Staff Committee | February 16, 2023



Puget Sound Regional Council



# Overview

## 1. Background

- a) Need for Survey
- b) 2019 HITS
- c) Methodology
- d) Limits to Survey

## 2. Findings

- a) Supply
  - a. Stability
  - b. Subsidy

## 3. Next Steps



# Need for survey

- PSRC boards, committees, and local government staff have expressed a need for better data and best practices on incentives, tools, and strategies to promote housing production and affordability
- Early implementation step for Regional Housing Strategy (RHS)
- Survey includes questions covering:
  - Housing incentives and tools, including location specifics and income restrictions
  - Changes in zoning, residential capacity, and/or housing type
  - Funding
  - Tenant protections
  - Racial equity goals
  - Displacement mitigation
  - Partnerships
  - Housing for larger households
  - Accessible housing

## 2019 HITS

- Helped inform the development of the Regional Housing Strategy (RHS)
- Established a baseline understanding of what tools and incentives local jurisdictions are using

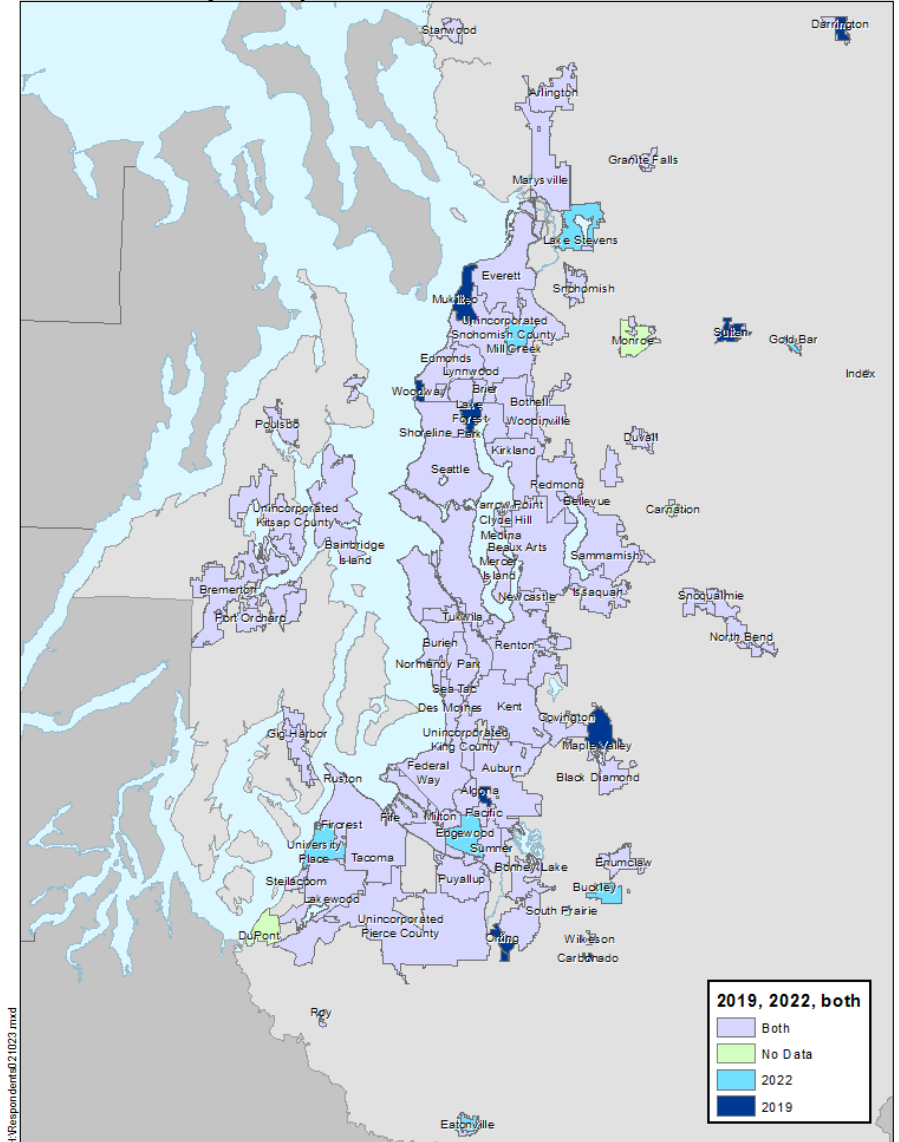
# Methodology

- Open to all cities and towns and counties in the central Puget Sound region from July – December 2022
- 74 responses were collected – 87% of the cities, towns, and counties in the central Puget Sound region.
- 63 responses directly from local staff and 10 responses from staff at A Regional Coalition for Housing (ARCH) and South King Housing and Homeless Partnership (SKHHP)
- Survey developed by PSRC staff in partnership with staff at King and Snohomish Counties

## Limits to the Survey

- Limited information on geographic constraints of housing types and incentives
- Difficult to ascertain precise numbers of new housing units

## HITS Survey Respondents

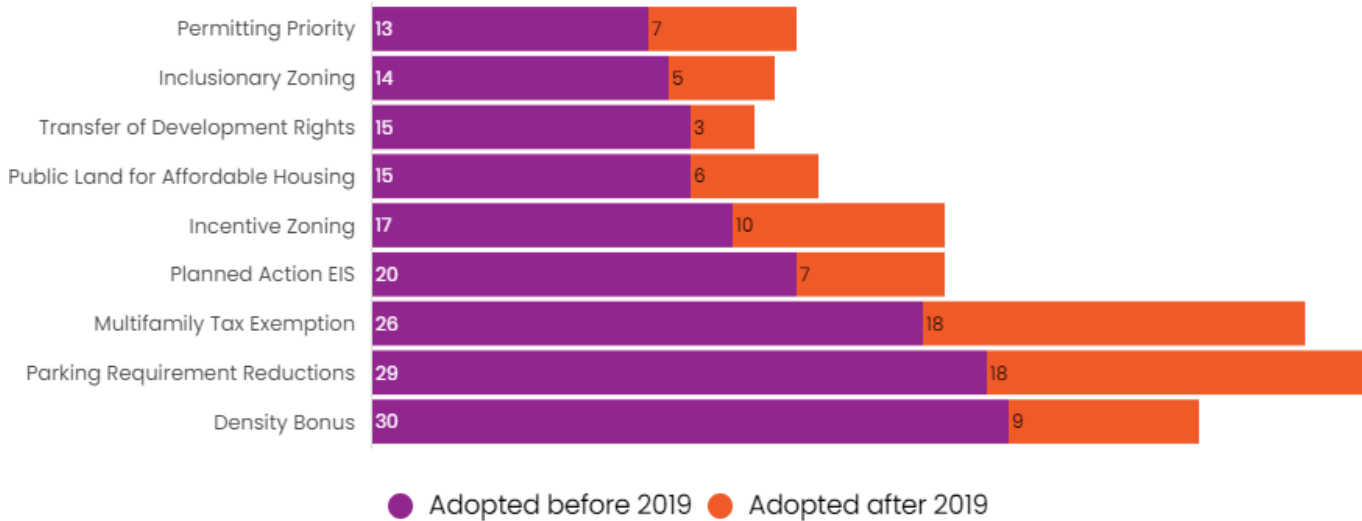


# More local jurisdictions are promoting housing affordability and access

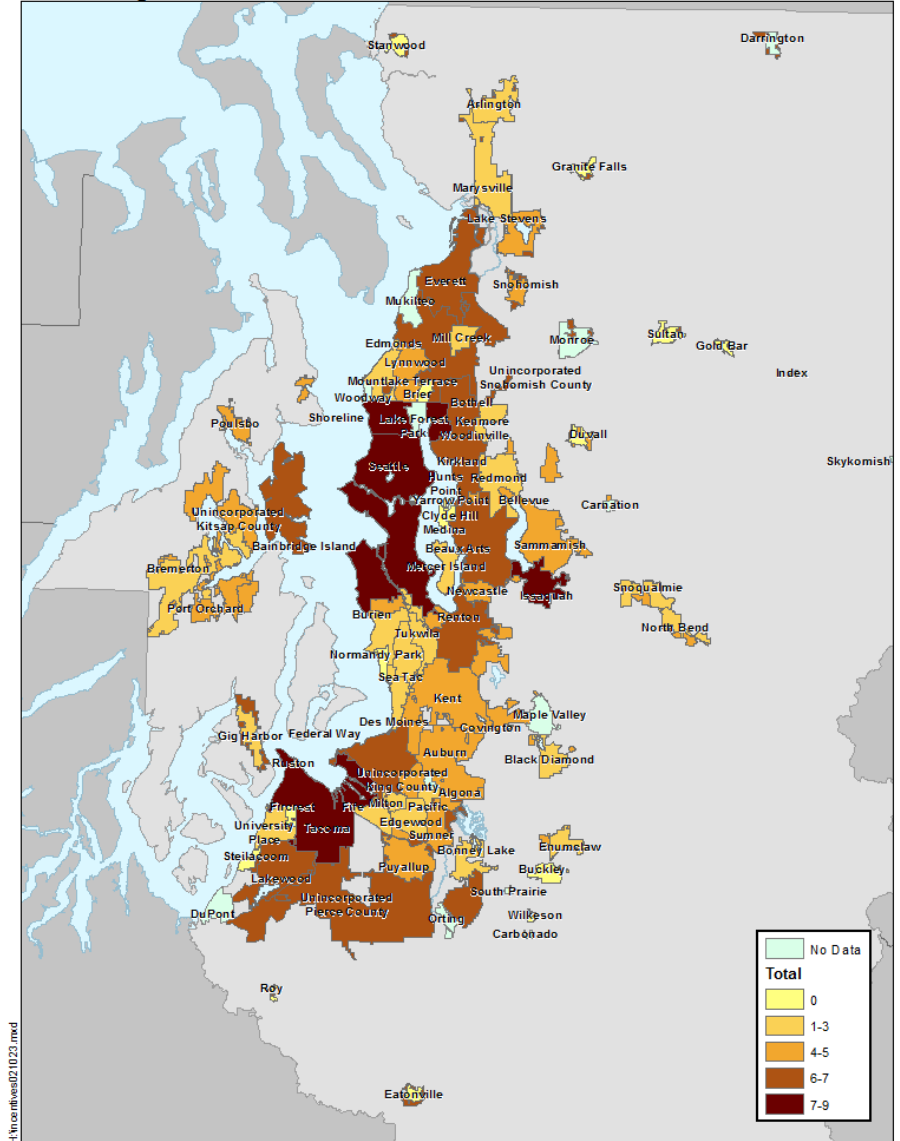


- 43 local jurisdictions (61% of respondents and 50% of jurisdictions in the region) have adopted new incentives since 2019.

**Tools and Incentives by number of jurisdictions adopting in 2019 and 2022**

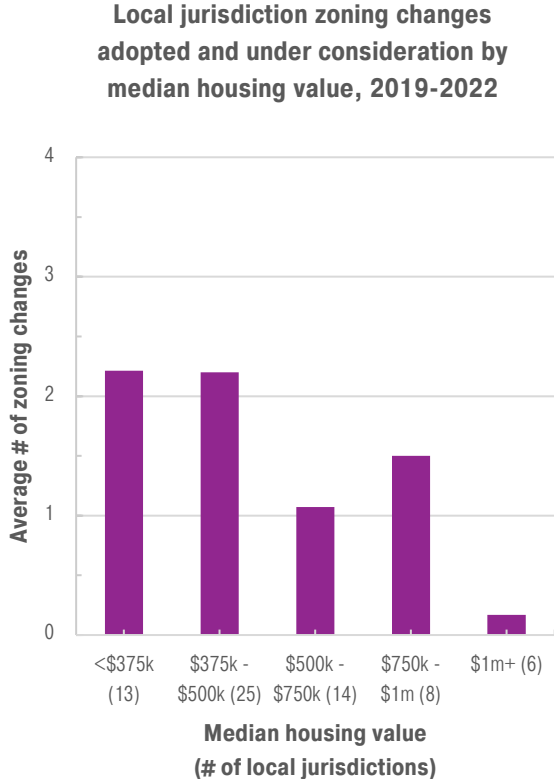
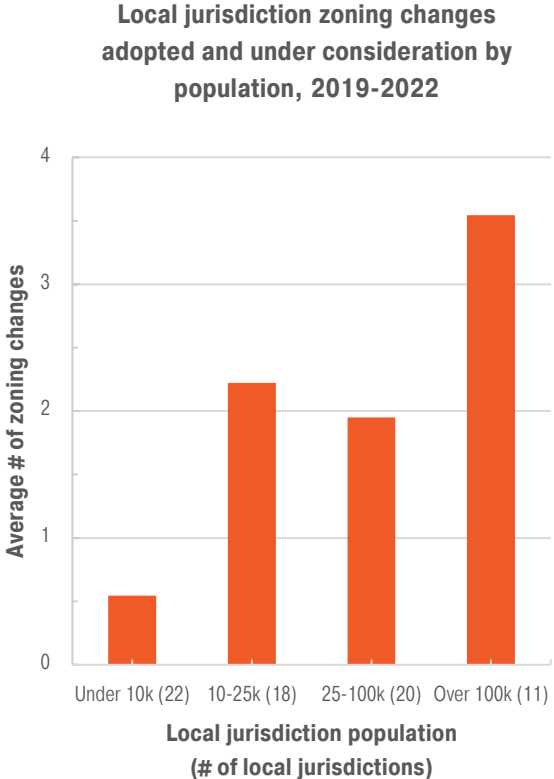
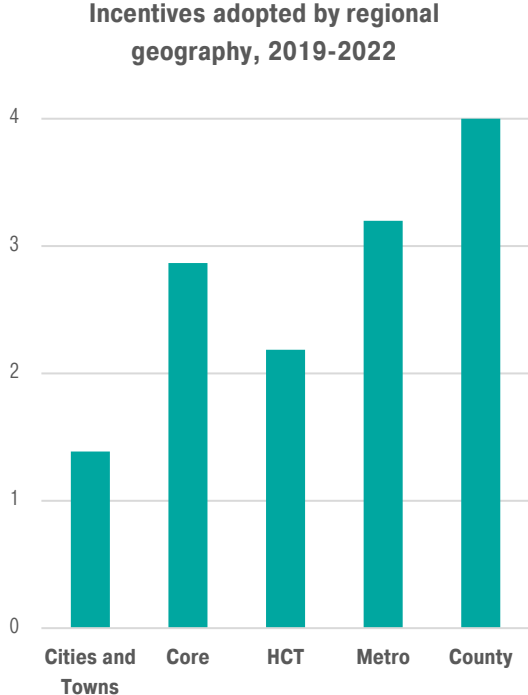


**Housing Incentives**



# More local jurisdictions are promoting housing affordability and access

- However, local jurisdiction size, regional geography designation, and median housing value is related to adoption of incentives and zoning changes
- Uneven adoption of incentives and tools by jurisdiction size and regional geography designation.

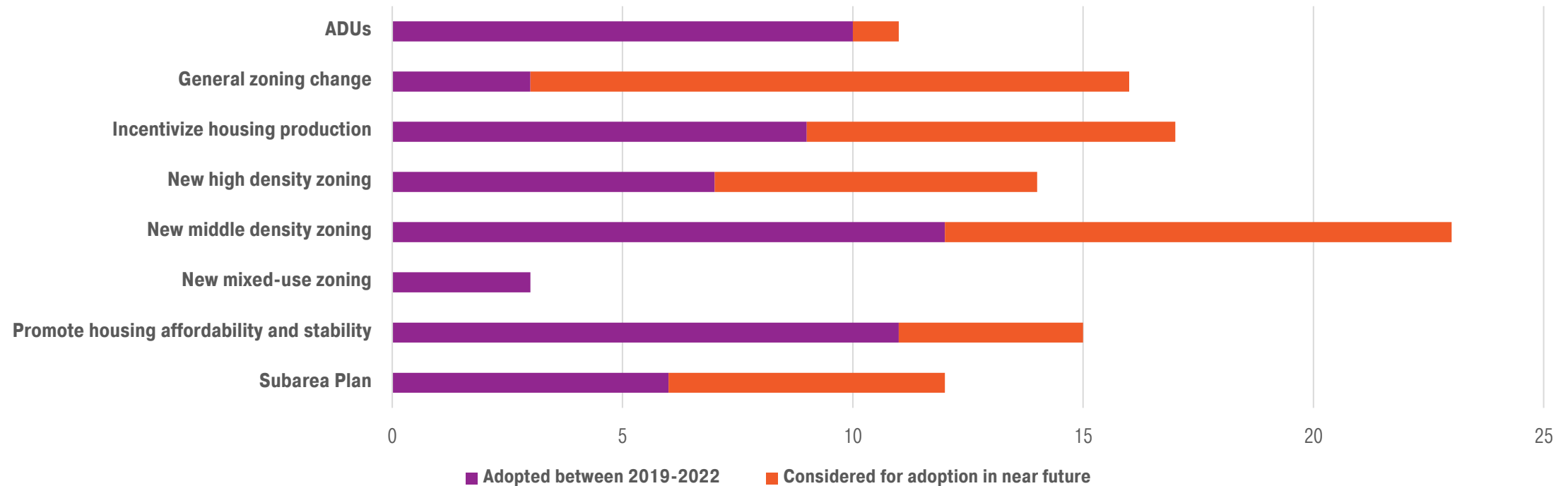


# Local jurisdictions are expanding capacity and diversity of housing types, with a large increase in the number of jurisdictions considering middle density



- 23 respondents (32%) have adopted or considering new zoning for middle density
- Many cities enacted or looking at citywide or widespread zoning changes for middle housing

Number of local jurisdictions adopted or considering zoning and development regulation changes, 2019 - 2022



# Incentives and tools can have the greatest impact when calibrated to local conditions and used in combination with other tools



- For many jurisdictions, incentives and tools work best when used in combination with one another
- Incentives and tools are optimal when calibrated to local conditions
- Similar to 2019 findings

“ADU allowances have probably been the single most effective tool once we eliminated the land use approval requirement. It alone is not enough to do much to housing stock overall, but it is the most-used tool/allowance we currently have in place.”

By combining land use regulations and tax incentives, [our city] has effectively been able to require 10% of new homes in multifamily zones to be affordable at 50% AMI (or receive fees-in-lieu).”





# Housing access and affordability is a focus area for 2024 local comprehensive plan updates, including a focus on housing for larger households



- Many local jurisdictions looking ahead to 2024 comprehensive plan update to make widespread changes to zoning codes and development regulations
- More local jurisdictions prioritizing transit-oriented development (TOD) and housing for larger households

“[our city] is currently recommending adoption of new regulations to establish a bedroom number unit mix requirement. For example, for every six studio or 1-bedroom units, the seventh unit must be a 2-bedroom unit. Also, further requirements to encourage 3-bedroom units.”



“Community members expressed a desire for a greater supply of family-size rental units (3 or more bedrooms). Through the rezone process, we may adopt incentives for family-size housing units.”

# The Multifamily Tax Exemption (MFTE) is a critical incentive for many cities

- Respondents say that MFTE continues to be one of the most effective incentives at producing affordable housing
- MFTE program updated in 2021 – allows more cities to participate and better facilitates development of income-restricted housing

“Multiple developments have taken advantage of our density bonus and MFTE programs. This has increased market rate residential density in our downtown.”

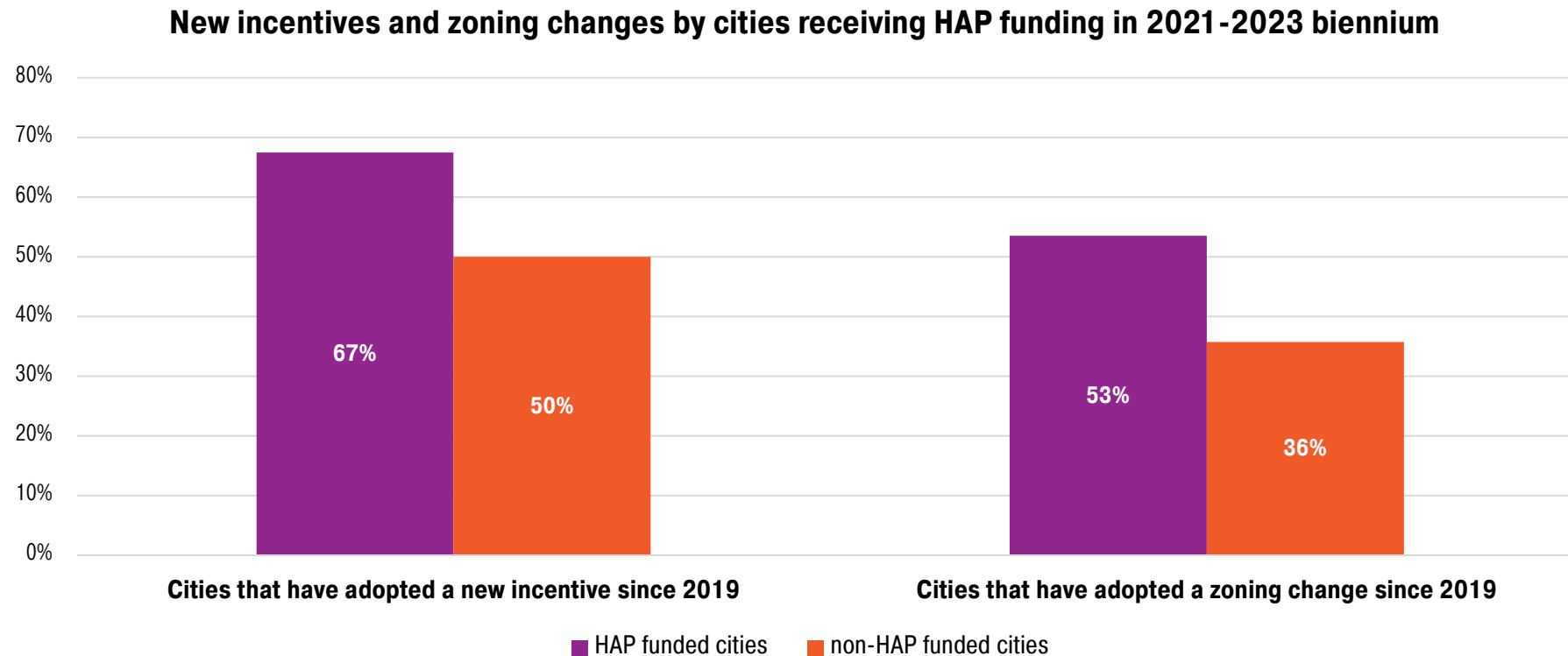


“The MFTE has been utilized the most, and the 12-year exemption has been the most requested. We believe the MFTE and 12-year program have been the most helpful in allowing developers’ projects to pencil.”

# Housing Action Plan (HAP) grant funding is linked to adoption of new housing tools and zoning regulations



- 36 cities received funding for HAP funding in the 2021-2023 biennium
- Cities with HAP funding have adopted or considered more zoning changes and incentives compared to cities with no HAP funding



# Jurisdictions are beginning work to link larger goals for racial equity with housing access and affordability



- Racial equity a driving force behind many jurisdictions' efforts to promote housing stability
- 22 local jurisdictions (30% of respondents) cited a tenant protection measure in place or under consideration
- Seven respondents (10%) made changes to promote supportive/transitional housing to
  - Addresses requirements in HB 1220

“[our city] has recently concluded an Analysis of Systemic Disparities In Achievable Housing Options study. A focus on rectifying racial inequities will support building up [our city] as a place where everyone, has an opportunity to secure stable housing and generate wealth through homeownership.”



# Subsidies are needed to meet need for very affordable (0-50% AMI) housing



- Respondents indicated incentives alone aren't enough to provide very affordable housing
- Thirty-one respondents (42%) currently employ at least one funding source to help construct or maintain housing in their communities
- Local jurisdictions taking advantage of state-level incentives like the HB 1590 and HB 1406 sales tax credits

“Cottage/carriage home regulations did not produce affordable housing because housing demand exceeded supply. Amendments in 2020 aim to make this housing product more attractive to builders.”



“The density incentive credit received no takers. The increased density apparently was not enough of an incentive to build additional affordable units.”



# Jurisdictions are contributing to subregional partnerships

- Many respondents indicated they would not be able to meet their goals for housing without support from subregional organizations
- Subregional partnerships include:
  - A Regional Coalition for Housing (ARCH)
  - South King Housing and Homelessness Partners (SKHHP)
  - Alliance for Housing Affordability (AHA)
  - South Sound Housing Affordability Partners (SSHA3P)

“Our jurisdiction is a member of SSHAP with the intention that shared resources will help to further our housing goals.”



“Through SKHHP, South King County jurisdictions can take a coordinated and comprehensive approach to increasing housing stability and producing and preserving quality affordable housing in South King County.”

# Next Steps

- **Report released early march**
- **Local comprehensive plan updates and implementation**
- **Regional housing strategy monitoring**
- **Technical assistance**



# Thank you!

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