

Regional Housing Strategy: 2023 Housing Monitoring



Puget Sound Regional Council



February 2024 – Presentation to the Equity Advisory Committee

- Background
- Metrics we're monitoring
- How is PSRC addressing housing?
- Resources for jurisdictions
- Questions

Presentation Overview



Background



The Regional Housing Strategy is a playbook of regional and local actions to preserve, improve and expand housing stock

The aim is to make a range of affordable, accessible, healthy and safe housing choices available to every resident and to promote fair and equal access to housing for all people.





\$160,000

Annual income needed to purchase a median priced home – the highest ever in our region*

* King, Pierce, and Snohomish Counties

Housing in our region continues to cost too much.

Rising costs have also exacerbated the gap between renting and owning, pushing **homeownership out of reach for renters** as homeownership disparities between white households and those of color continue.

The **Regional Housing Strategy** calls for local jurisdictions to **increase densities, reduce minimum lot sizes, and reduce or eliminate parking requirements** to significantly reduce construction costs.



Legislature's "Year of Housing"



2023 was Washington state's "Year of Housing", which saw the passage of several significant bills aimed at addressing the state's housing crisis.

HB 1110, Middle Housing

HB 1337, Accessory Dwelling Unit

HB 1293, Permit Review Reform

HB 1474, Promote homeownership for those harmed by systemic discrimination

In other words, **more housing for more people in more places**




**General
Affordability
Measures**

Supply



Stability



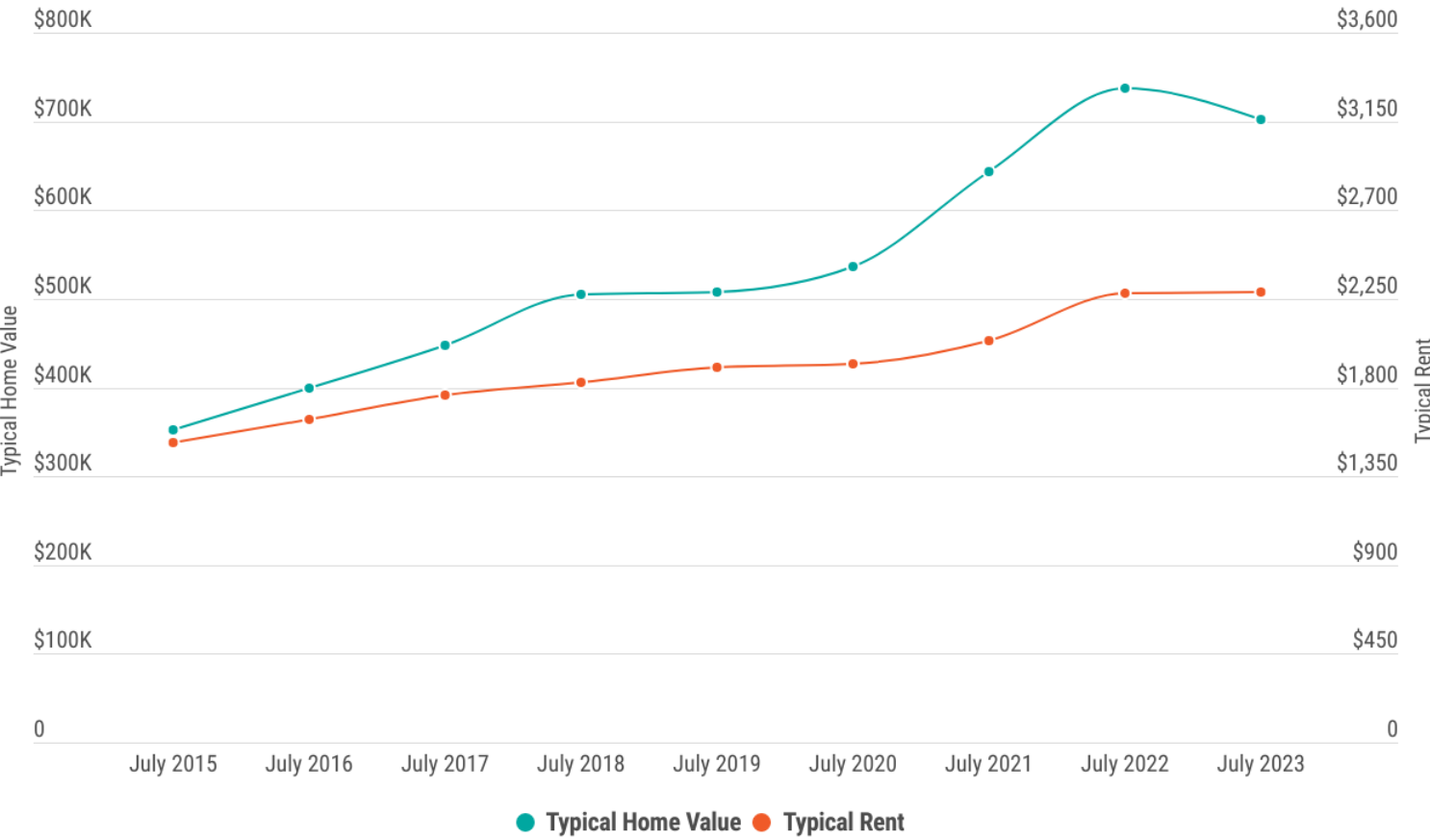
Subsidy



General Affordability Measures



Metro Area Home Values and Rent



Rent and home values continue to increase, with some stabilization.

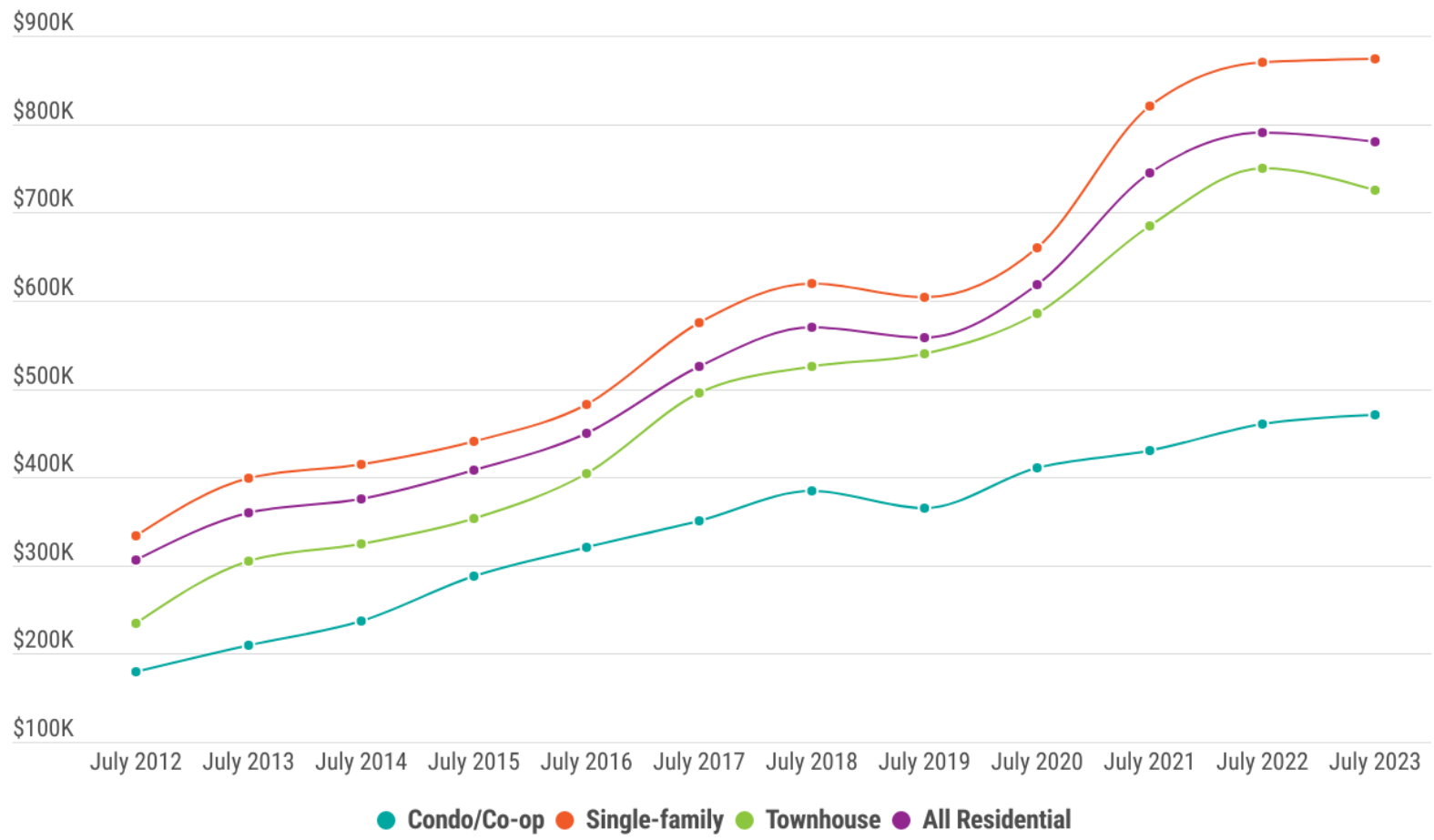
The median rent rose 50% from July 2015 to in July 2023.

The typical home value essentially doubled, increasing 98%.

Source: Zillow, Home Value Index, Observed Rent Index
 Note: Data for the Seattle-Tacoma-Bellevue metropolitan statistical area representing King, Pierce, & Snohomish counties



Median Home Price by Housing Type



The cost of a single-family home is substantially higher than townhomes and condominiums.

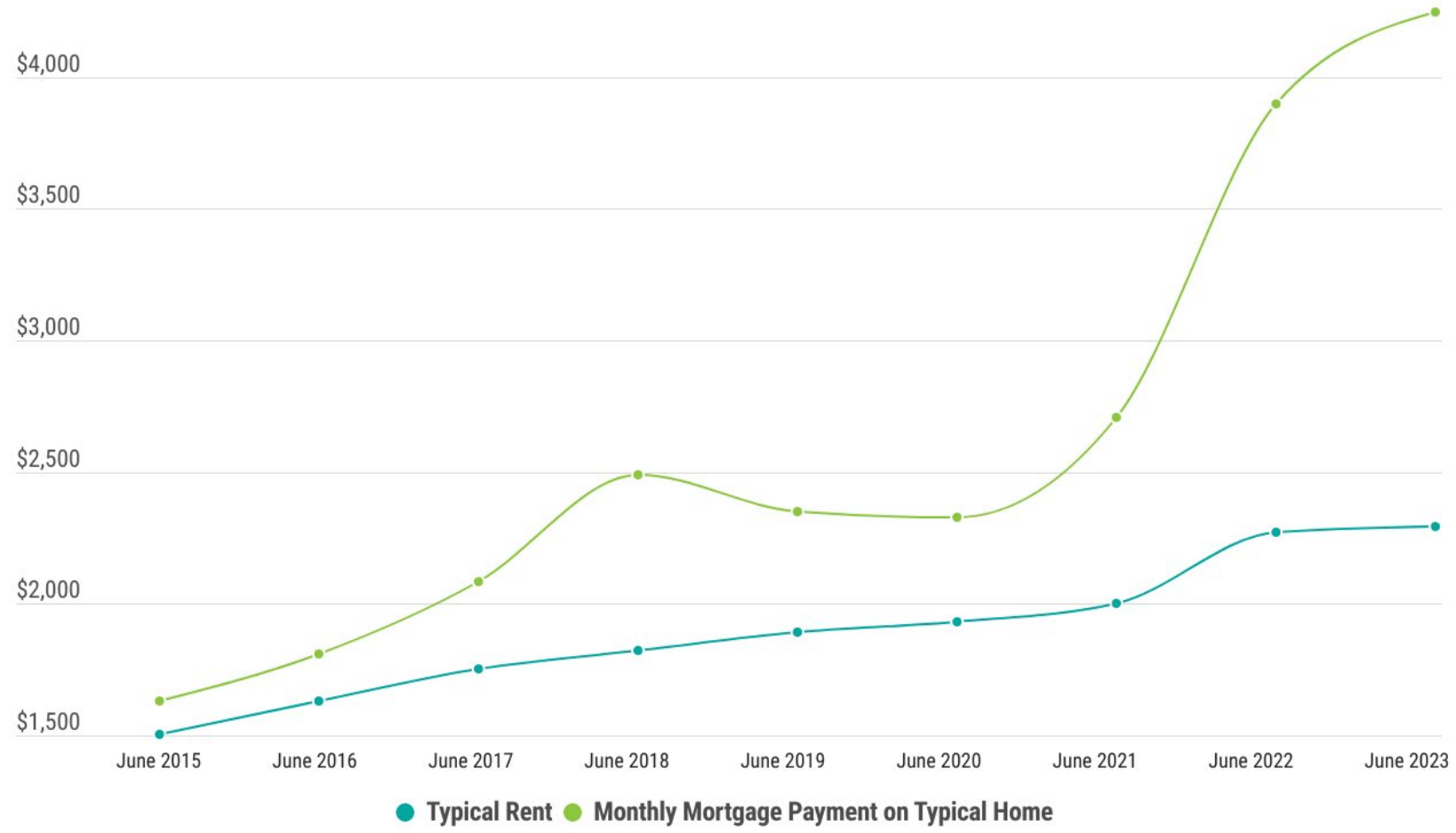
Middle housing has the potential to provide less costly ownership options, improve walkability, and reduce greenhouse gas emissions.

Note: Home price excludes additional fees such as monthly HOA dues.

Source: Redfin, Monthly Housing Market Database
 Note: Data are for the Seattle metropolitan division which represents King and Snohomish counties



Growing Gap Between Renting and Owning



Renters looking to purchase face the widest affordability gap in years.

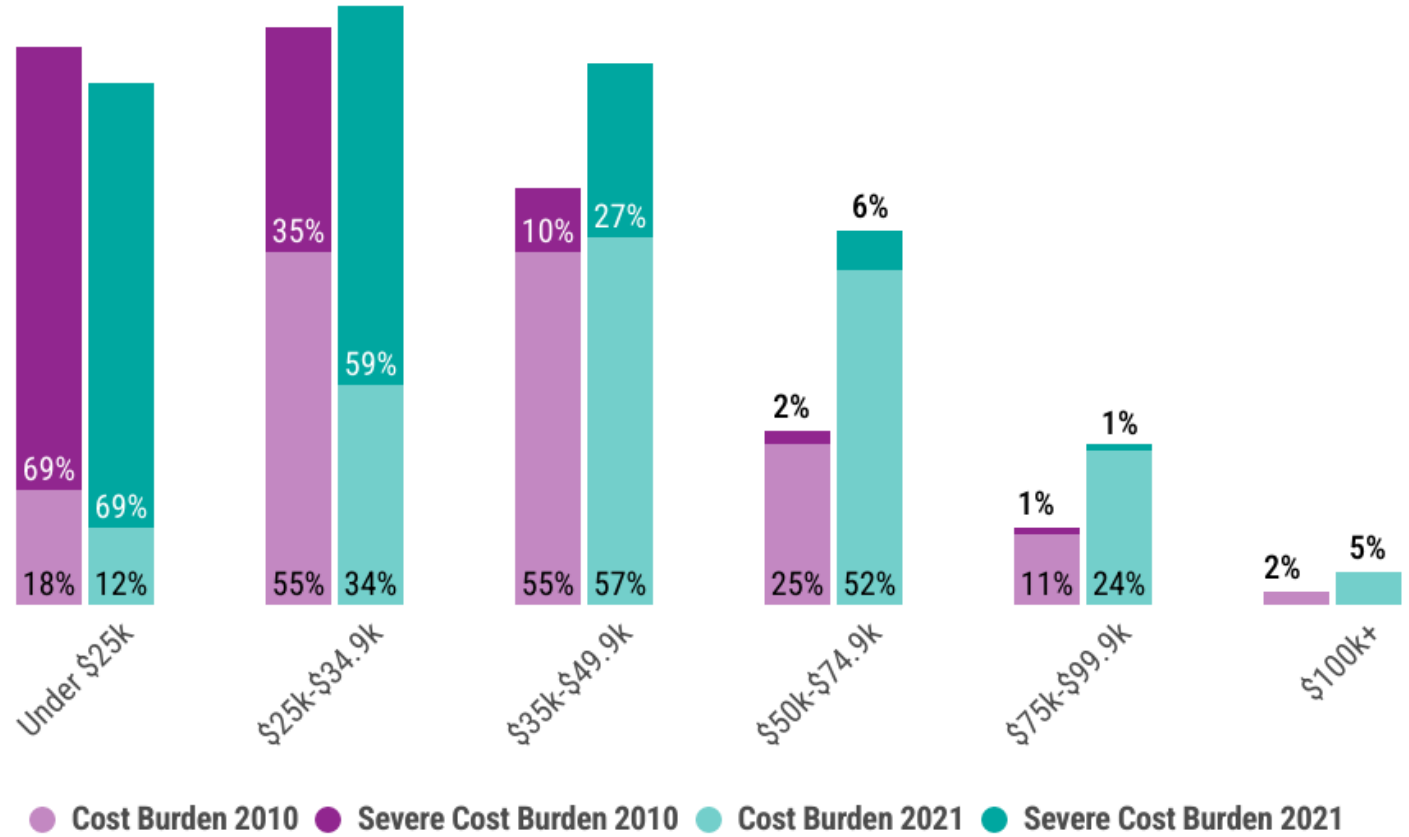
As recently as 2015, the gap between renting and owning represented just a \$100 difference in monthly housing costs (assuming one has saved a 20% down payment).

By 2023, that gap widened to over \$2,000 per month.

Source: Zillow, Home Value Index; Freddie Mac, Primary Mortgage Market Survey; calculated by PSRC
 Note: Data are for the Seattle-Tacoma-Bellevue metropolitan statistical area which represents King, Pierce, and Snohomish counties. Assumes a 31% debt-to-income ratio, 30-year fixed rate mortgage, 20% down payment, 1% property tax, and 0.35% property insurance rate.



Renter Cost Burden by Income



The majority of renter households earning less than \$75,000 per year are cost-burdened, spending more than 30% of their income on housing.

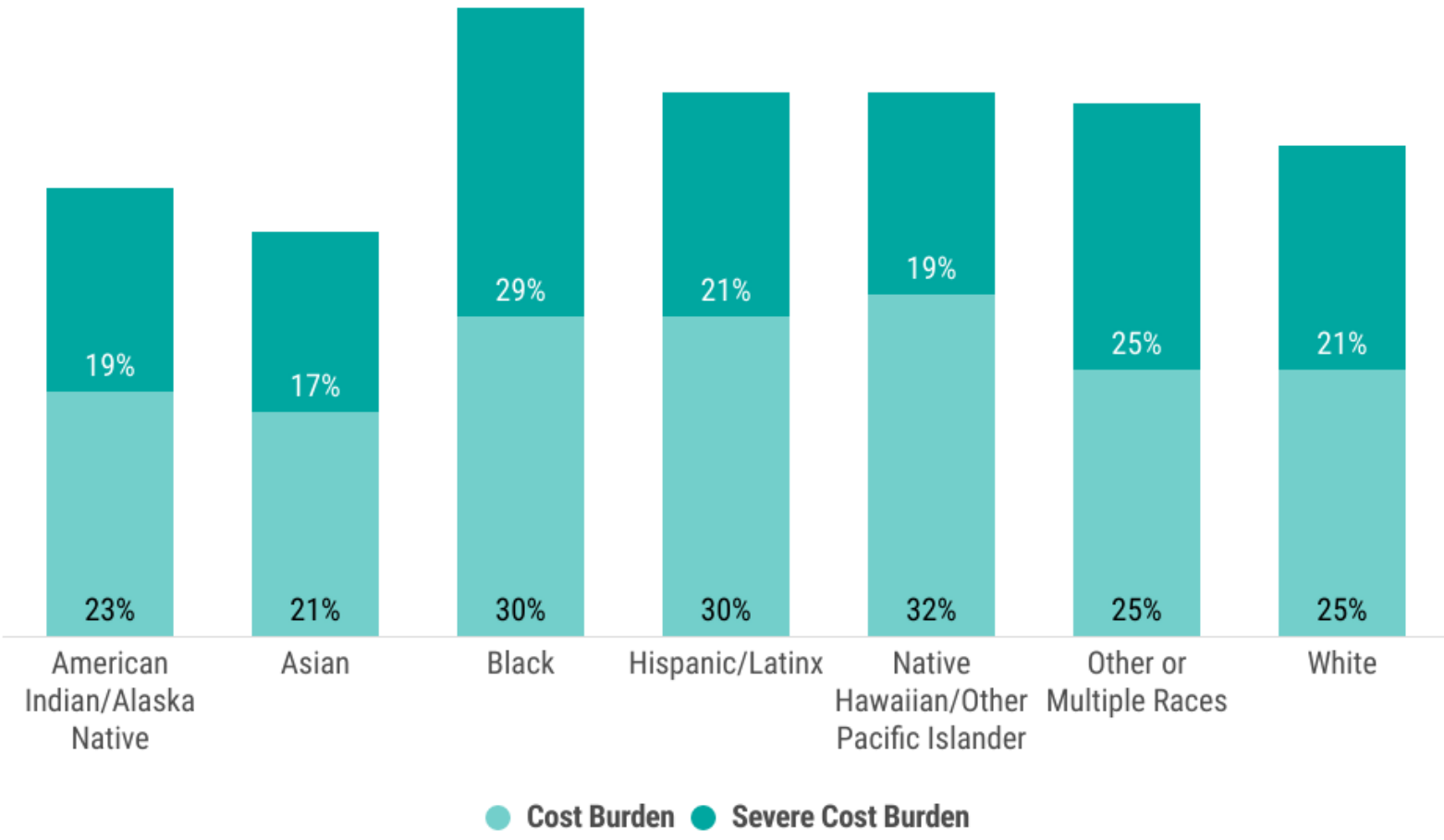
Increasingly, housing cost burden is affecting moderate and even middle-income households too.

Cost burden leaves little income to cover other basic needs such as food, transportation and medical care or unexpected expenses, increasing the risk of homelessness.

Source: U.S. Census Bureau, American Community Survey, 2010 and 2021 5-Year Public Use Microdata Sample



Renter Cost Burden by Race/Ethnicity



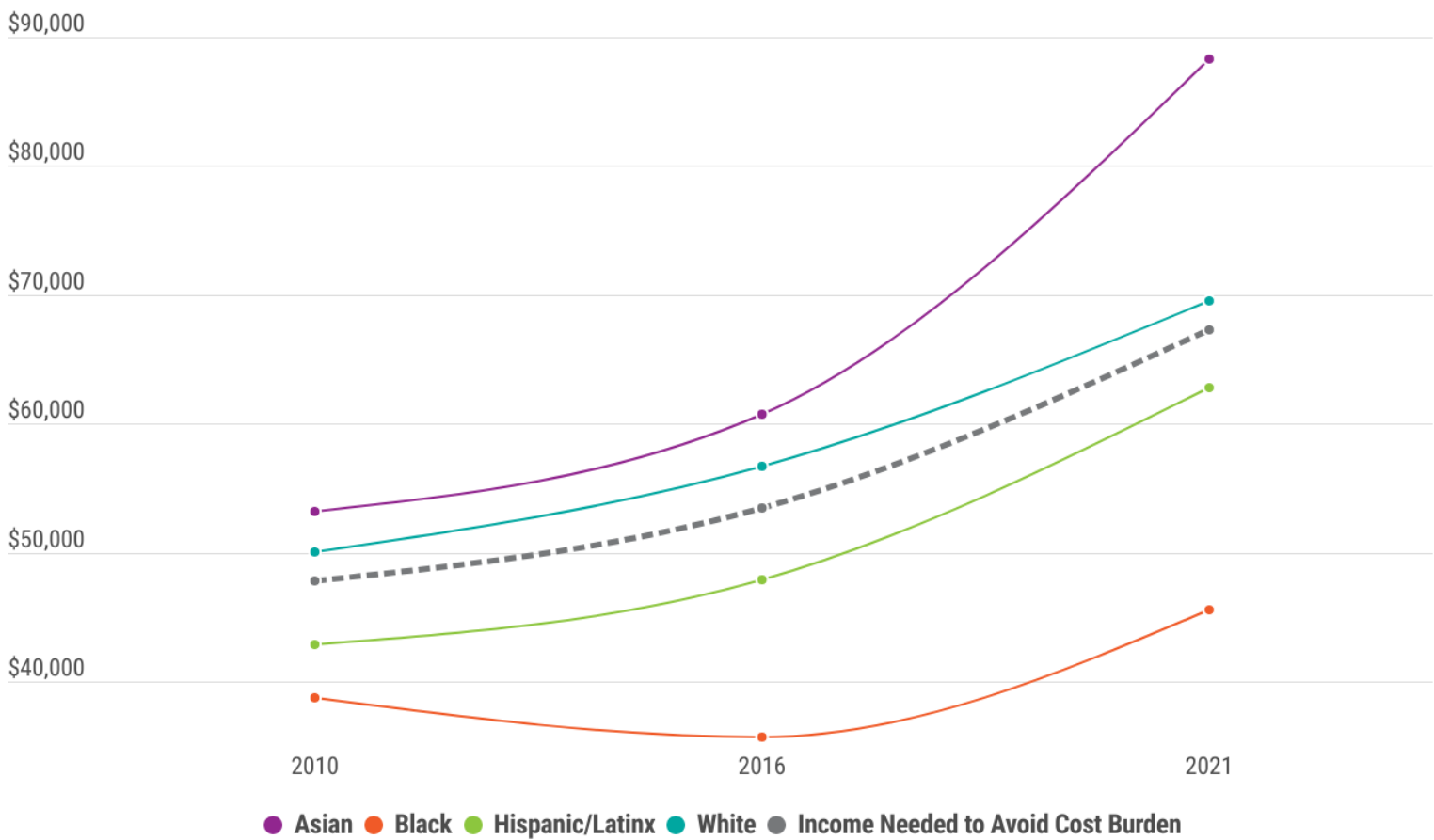
BIPOC (Black, Indigenous, and People of Color) households pay a greater share of their income on housing than white households.

The majority of Black, Hispanic/Latinx and Native Hawaiian/Other Pacific Islander renter households pay more than 30% of their incomes on housing.

Source: U.S. Census Bureau, American Community Survey, 2021 5-Year Public Use Microdata Sample



Change in Renter Household Income by Race/Ethnicity



Many renter households have seen their incomes rise over the last decade, however racial disparities have continued to grow.

Black & Hispanic/Latinx renter households have consistently earned less than their white and Asian counterparts. The typical renter in these two communities still does not earn enough to afford median rent without being cost burdened.

Source: U.S. Census Bureau, American Community Survey, 2010, 2016, and 2021 5-Year Public Use Microdata Sample
 Note: All income values in 2021 dollars. "Income needed to avoid cost burden" calculated by PSRC and assumes no more than 30 percent of gross income spent on housing costs.



Interpreting Data about Asian Americans & Pacific Islanders (AAPI)

The AAPI community is not a monolith, and the experiences of AAPI residents in our housing market is diverse. There is a variety of backgrounds and circumstances, including refugees escaping challenging situations, immigrants with specialized and sought-after skills, and families with generations of history in the region.

Where the data allows, we have disentangled the AAPI umbrella to highlight these varying experiences. PSRC is committed to further exploring this in future monitoring efforts.



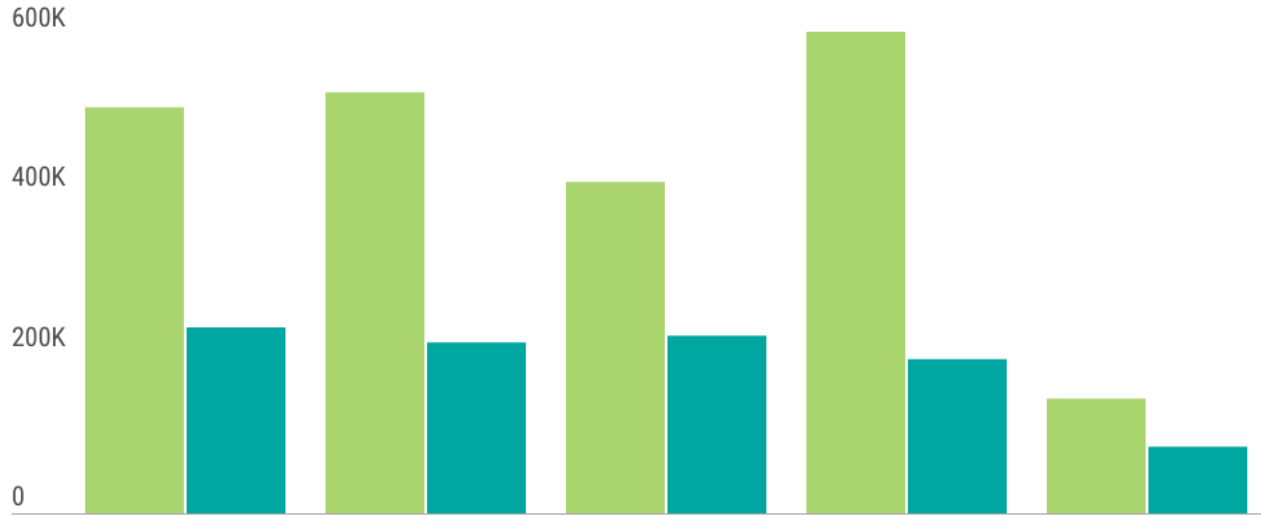
Supply





Population Growth vs Housing Production

● Population Growth ● Housing Production



Decade	1980s	1990s	2000s	2010s	2020s	1980-2023 Average
Population Growth to Housing Production Ratio	2.2	2.5	1.9	3.1	1.7	2.3

During the 2010s, the region experienced significant population growth but **did not build enough housing** for all its new residents.

Since 2020 housing production has begun to catch up. While encouraging, **housing prices and other indicators suggest additional supply is needed.**

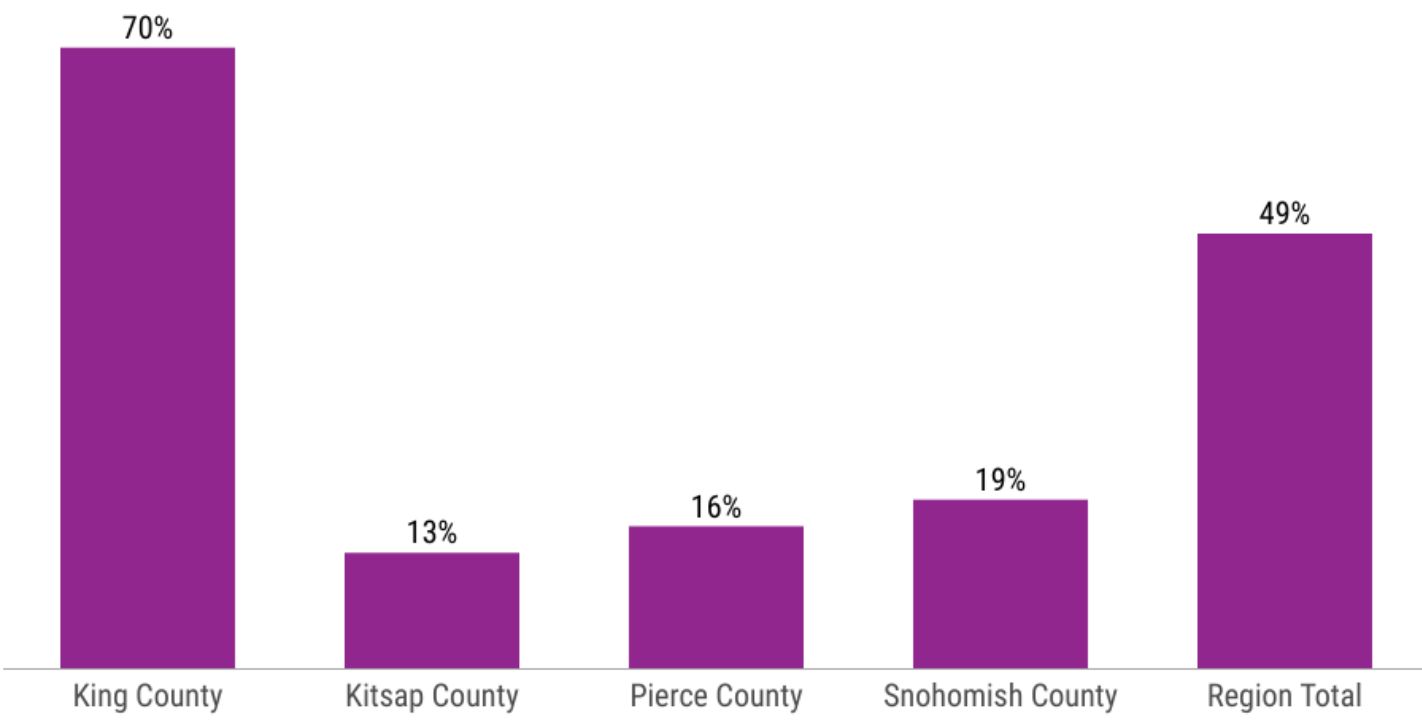
With trends toward building smaller multifamily units, an even greater number of units will be needed to serve the region's growing population.

Source: U.S. Census Bureau, Decennial Census; WA Office of Financial Management, April 1 Population and Housing Estimates – 2023 Postcensal





Housing Development in Centers & Near Transit, 2010–2022



The Regional Housing Strategy encourages more multifamily housing choices near transit to meet the VISION 2050 goal of 65% of residential growth near high-capacity transit stations.

Housing production in King County (70%) is responsible for a significant share of the regional total. Much of this new housing development is characterized by higher-density apartments and condominiums, which tend to be occupied by smaller households.

Source: WA Office of Financial Management, Small Area Estimates Program; PSRC, Parcel Estimates Program



Affordable Housing Developer Outreach

PSRC conducted a questionnaire and focus groups with 27 affordable housing developers from the across the region, representing the for-profit, non-profit, rental and ownership, various levels of affordability requirements, etc.

What is the biggest barrier to building more housing?

Nearly all participants stated, **restrictive zoning, requirements for parking, open space, and commercial uses.**

Strategies that support affordable housing:

- **By-right development, zoning more land for moderate and high density, expedite permitting process, allow for flexibility in design standards, reduce or eliminate parking requirements near transit**



“Homebuilders respond to demand for housing, we do not create it. We cannot meet this demand without working in partnership with cities.”



Stability





Income-Restricted Housing Units

	King	Kitsap	Pierce	Snohomish	Total
0-30% AMI	16,460	770	1,770	1,050	20,040
31-50% AMI	12,860	1,010	2,770	3,360	19,990
51-80% AMI	35,360	1,760	5,620	10,710	53,440
81-100% AMI	840	-	25	-	870
100-120% AMI	660	-	-	-	660
Unknown AMI	30	-	25	2	55
Total	66,210	3,540	10,200	15,120	95,070
New in 2021	2,330	-	240	840	3,410

Income-restricted units are made possible with federal, state, and local funding and incentives ensuring long-term rent or income restrictions. Rent restrictions are typically capped at 30% of the household’s income.

A recently updated inventory of income-restricted units tallied over 95,000 units, with **3,400 new units coming online during 2021.**

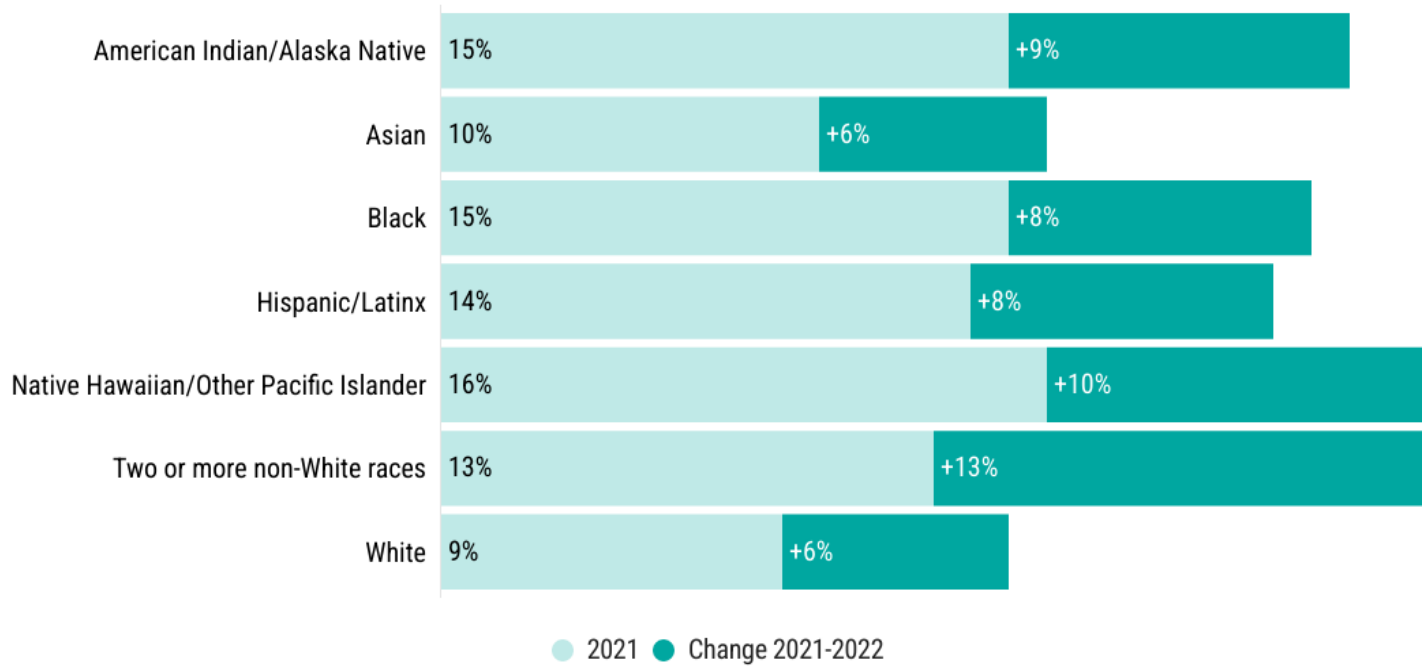
The Regional Housing Needs Assessment found the region will need 430,000 units affordable to households under 80% of area median income (AMI) by 2050.

Source: PSRC, Income-Restricted Housing Database; King County, King County Income-Restricted Housing Database
 Note: Data are for income-restricted properties in service as of December 2021.





Mortgage Loan Denial Rates by Race/Ethnicity



Excluding Asian applicants, people of color are still less likely to get a home loan than white applicants.

Homeownership is one strategy to provide opportunities for residents to stay in their community and build equity and intergenerational wealth.

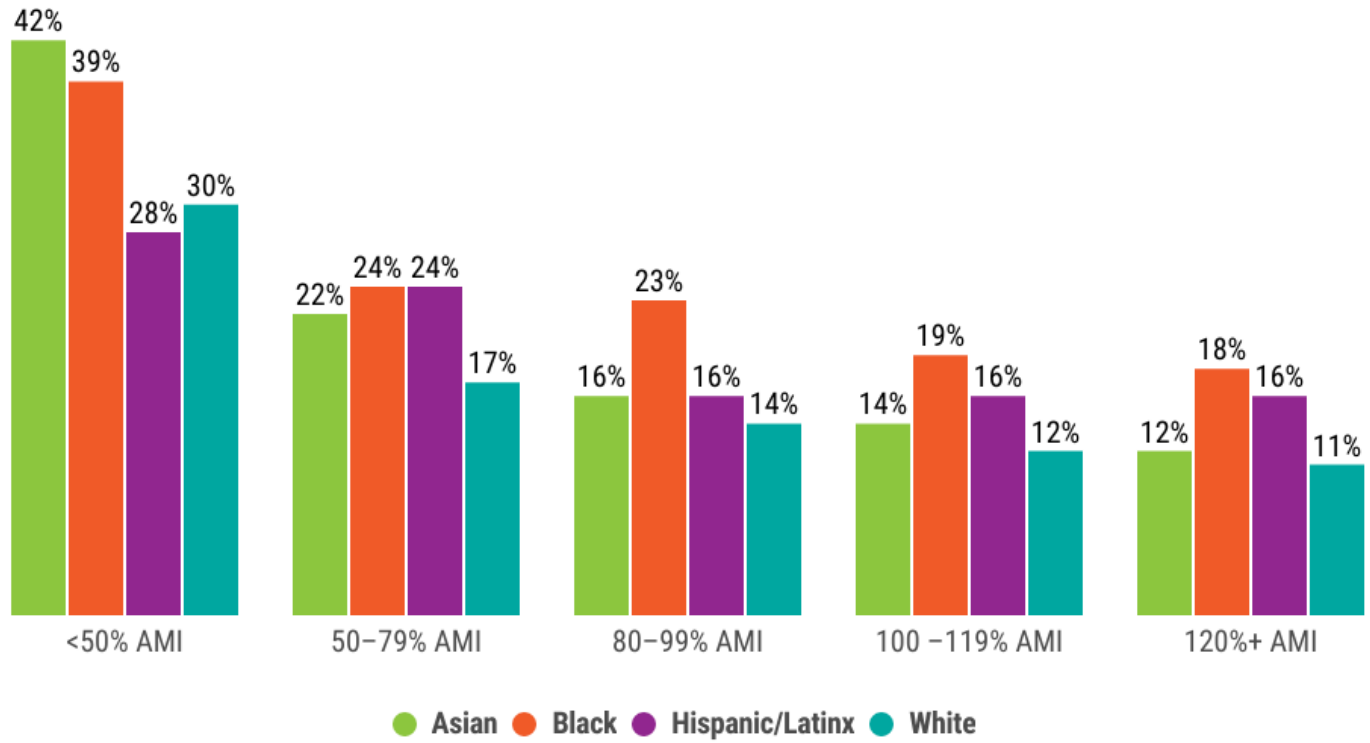
This is especially impactful for people of color, who still face the effects of systemic racism and generational wealth disparities. For this reason, the Regional Housing Strategy calls for increasing access to homeownership.

Source: Federal Financial Institutions Examination Council, Home Mortgage Disclosure Act Database
Note: Race/ethnicity of applicant was self-reported or reported by loan officer based on visual observation or surname





Mortgage Loan Denial Rates by Race/Ethnicity and Income



Even when controlling for income, Black and Hispanic/Latinx mortgage applicants are much more likely to be denied a loan compared to their white counterparts.

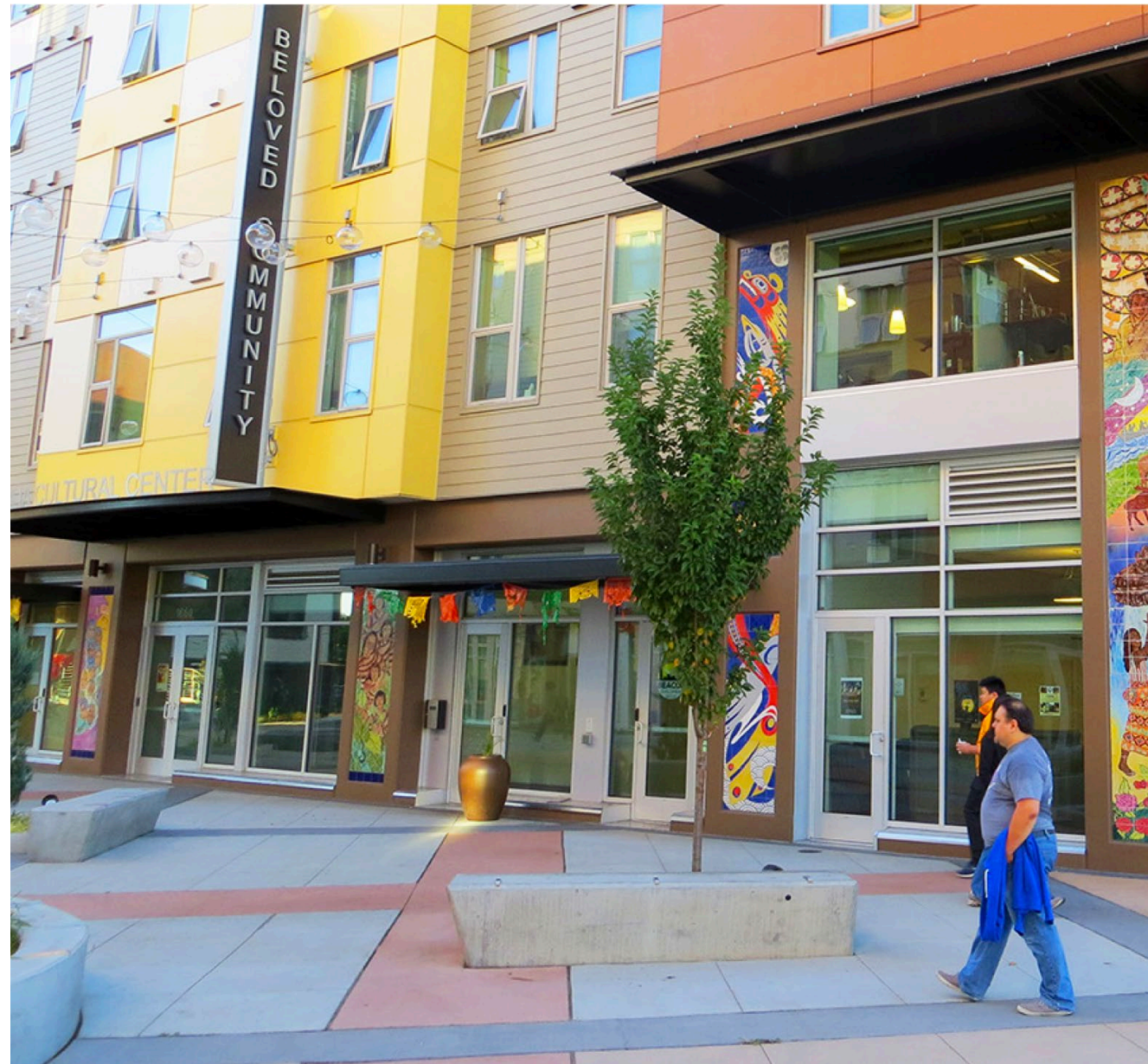
Factors other than income are causing differential access to mortgage financing. Loan denial rates for Asian applicants vary greatly by income level.

Low-income Asian applicants were the most likely across all race/ethnicity groups to be denied a loan.

Source: Federal Financial Institutions Examination Council, Home Mortgage Disclosure Act Database
Note: Race/ethnicity of applicant was self-reported or reported by loan officer based on visual observation or surname



Subsidy





Case Study: Pierce County Council Approves Affordable Housing Act

On March 21, 2023, the Pierce County Council voted in favor of the Maureen Howard Affordable Housing Act (Ordinance 2022-81s).

This Act will help build and preserve 600 – 800 affordable housing units every year in Pierce County for people at or below 60% of the Area Median Income.



“This revenue source will give us access to much needed resources to help those in need of an affordable place to live, including our veteran community and those fleeing abusive, and often deadly situations at home,” said Council Chair Ryan Mello (District 4).



Resources – How PSRC is Addressing Housing



PSRC is co-creating a Regional Equity Strategy with the Equity Advisory Committee to improve outcomes for marginalized communities and how the agency operates internally.

The strategy will include a suite of **tools and resources to identify existing inequities** across the region and recommend **targeted strategies to improve** the region's capacity to grow in an equitable manner, recognizing the unique needs of marginalized groups. It will also **provide guidance for staff** to ensure the agency effectively uses its role to advance racial equity.

Additionally, PSRC has woven equity throughout VISION 2050, the region's plan for growth.

How is PSRC addressing these challenges?



The **Black Home Initiative (BHI)** aspires to reach a time when the homeownership rates for Black communities in Washington state will be equal to those of their white peers.

The **Housing Development Consortium of Seattle-King County** is leading work to implement the 7-Point Plan to get us there.

Supported by JPMorgan Chase through a \$1.95 million investment, BHI is part of a national effort to target racial inequities in housing.

The Black Home Initiative





PSRC Resources for Jurisdictions

Driven by the Regional Housing Strategy, PSRC has several resource to help jurisdictions make progress on housing

The Housing Innovations Program provides information on 50 housing strategies that can be implemented locally and the Housing Opportunities by Place helps identify what strategies might work best at the local level.



Where to learn more

[Click here](#) to read the full report.
[Click here](#) to read the one-page summary.

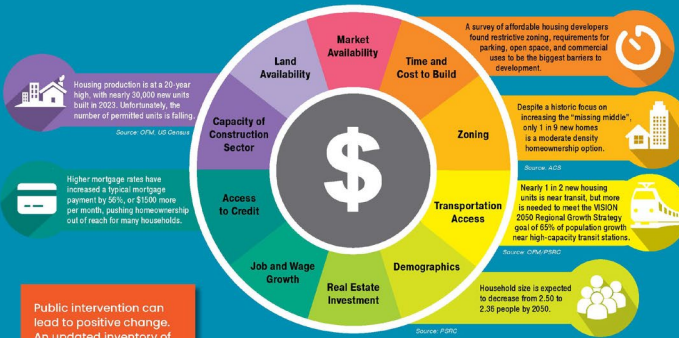
HOUSING MONITORING IN THE CENTRAL PUGET SOUND REGION

November 2023

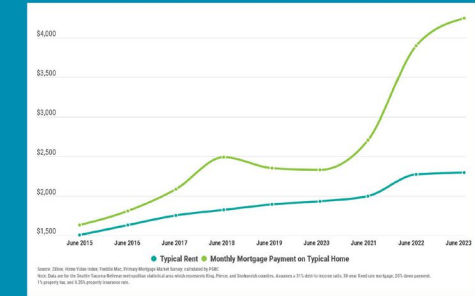


What's New in 2023?

Rising mortgage rates, high housing prices, and big legislative changes in Olympia are defining the housing landscape in the Central Puget Sound. While housing production is up, affordability is still a challenge, as many factors impact housing costs. To learn more, see the recently published 2023 Housing Monitoring Report.



Growing Gap Between Typical Rent and a Typical Mortgage Payment



The monthly cost difference between renting and owning has jumped from \$100 in 2015 to over \$2000 in 2023, assuming a 20% downpayment on a median priced home.

Want to see the full 2023 Housing Monitoring Report? Please visit www.psrc.org/housing or scan the QR code to learn more about regional housing efforts.





Thank you!

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