

REGIONAL HOUSING STRATEGY



REGIONAL HOUSING NEEDS ASSESSMENT

PUGET SOUND REGIONAL COUNCIL
JANUARY 2022

Funding for this document provided in part by member jurisdictions, grants from U.S. Department of Transportation, Federal Transit Administration, Federal Highway Administration and Washington State Department of Transportation. PSRC fully complies with Title VI of the Civil Rights Act of 1964 and related statutes and regulations in all programs and activities. For more information, or to obtain a Title VI Complaint Form, see <https://www.psrc.org/title-vi> or call 206-587-4819.

American with Disabilities Act (ADA) Information: Individuals requiring reasonable accommodations may request written materials in alternate formats, sign language interpreters, physical accessibility accommodations, or other reasonable accommodations by contacting the ADA Coordinator, Thu Le, at 206.464.6175, with two weeks' advance notice. Persons who are deaf or hard of hearing may contact the ADA Coordinator, Thu Le, through TTY Relay 711.

Additional copies of this document may be obtained by contacting:

Puget Sound Regional Council

Information Center

1011 Western Avenue, Suite 500

Seattle, Washington 98104-1035

206.464.7532 | info@psrc.org | www.psrc.org

Table of

1	Introduction	4
1.1	Key Findings	5
1.2	Regional housing needs assessment overview	7
1.3	Data Sources & Limitations	7
1.4	Engagement and Review.....	10
1.5	Next Steps	10
2	Background and Policy Context	11
2.1	Housing in the Growth Management Act.....	11
2.2	Housing in VISION 2050	12
2.3	Housing in Countywide Planning Policies	13
2.4	Housing in Local Comprehensive Plans.....	13
3	Population and Household Characteristics.....	14
3.1	Population Growth.....	15
3.2	Future Growth and the Regional Growth Strategy.....	16
3.3	Race/Ethnicity	18
3.4	Household Size and Formation	19
3.5	Quality and Condition of Housing.....	22
	Overcrowding.....	22
	Housing Condition.....	23
3.6	Housing Tenure	25
3.7	Household Income	29
3.8	Poverty	31
3.9	Special Needs Populations	32
3.10	Seniors.....	33
3.11	People Experiencing Homelessness.....	34
3.12	Displacement	36
	Displacement by Race	38
	Differences by Income	39
	Impacts by Life Cycle	39
4	Housing Supply.....	40
4.1	Housing Units	40

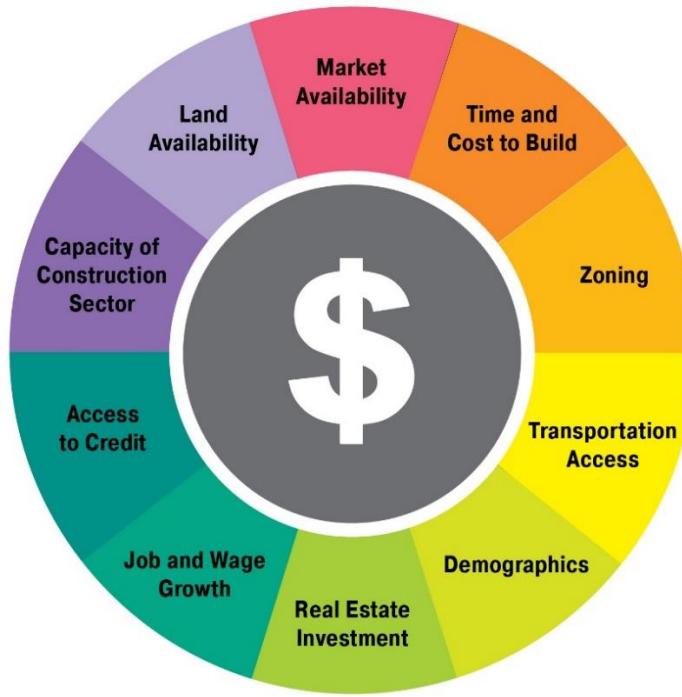
Units in Structure	41
Age of Structure	41
4.2 Missing Middle Housing.....	43
4.3 Vacancy Rates	48
5 Housing Affordability	50
5.1 Ownership Housing.....	50
Home Ownership	54
5.2 Rental Housing	56
Rent in Regional Growth Centers.....	59
Rent in High Capacity Transit Areas.....	61
5.3 Housing and Transportation	63
5.4 Housing Availability.....	66
5.5 Income restricted Housing.....	67
6 Housing Market Trends.....	75
6.1 Housing production.....	75
7 Workforce characteristics	82
7.1 Wages.....	82
7.2 Jobs-Housing Balance.....	85
7.3 Home location of local workforce.....	87
7.4 Employment Growth and Forecasts	94
8 Needs Analysis	96
8.1 Current Demand on Housing	97
8.2 Current Backlog of Housing Supply.....	99
8.3 Housing Supply Needed by 2050	100
8.4 Housing Needed Near Transit	101
8.5 Housing Needed to Meet Household Characteristics.....	104
8.6 Cost Burden.....	107
8.7 Affordability Needs	111
Income Level Analysis	113
Cost Burden Analysis.....	114
9 Conclusion and Next Steps.....	115

1 INTRODUCTION

[VISION 2050](#) directs PSRC to develop a regional housing strategy, including a regional housing needs assessment (H-Action-1). The Regional Housing Strategy is intended to serve as a “playbook” of regional and local actions to move towards the region’s goal to preserve, improve, and expand its housing stock to provide a range of affordable, accessible, healthy, and safe housing choices to every resident and to promote fair and equal access to housing for all people.

A key component of the Regional Housing Strategy is development of a housing needs assessment, which analyzes conditions, trends and gaps in the region's housing stock and demonstrates how local and subregional housing need and supply fit into the regional picture. The findings of the needs assessment will inform the strategy.

Figure 1: Factors Influencing Housing Costs



Source: PSRC

1.1 KEY FINDINGS

It is increasingly difficult for people living and working in the central Puget Sound region to find housing that is affordable. The following key findings from the report highlight the critical need for more housing across the region:

- 🏠 The region is two years behind in housing production. Housing production lagged population growth between 2010 and 2020 by about 40,000 to 50,000 housing units, equivalent to about two years' worth of housing production. Not keeping up with population growth has exacerbated the upward pressure on housing costs; the region needs to address the current backlog in the short term in order to soften the impact on housing prices and rents.
- 🏠 The region needs a total of 810,000 new housing units to accommodate the region's population growth by the year 2050.

-  The region needs housing affordable to moderate and low-income households now and as the region grows. Addressing affordability needs will most likely require some level of public incentive for at least 34 percent of new housing – ranging from more flexible zoning standards to direct subsidy – to ensure new units are affordable to households earning less than the median income.
-  There are substantial disparities in housing access between white and person of color households, underscoring the ongoing effects of systemic racism in housing. People of color, on average, have lower incomes, are more likely to rent, and are more likely to be cost-burdened than white households. White residents are more likely to own their own home than Black residents across all income levels.
-  Housing prices have risen over the past decade and have outpaced increases in income. From 2011 to 2019, rent increased 53 percent and home values increased 67 percent, making rent and homeownership increasingly unaffordable for a growing number of households.
-  The region's current housing stock provides limited middle-density ownership options – like townhomes and triplexes – which are often more affordable than traditional single-family or condo units. The housing stock in the central Puget Sound housing stock also provides limited options for renters, particularly larger families. A more diverse housing stock is needed to provide accessible and affordable housing for residents in all phases of life.
-  Stable housing is critical to quality of life. A focus group of residents living in subsidized housing stated that they now spend less time worrying about how to pay the rent, which means more time for family, schoolwork, looking for better paying jobs, and community connections.
-  The makeup of the region's households and housing needs is changing. Only one-third of households have children and seniors comprise a rapidly growing segment of the region's population. A housing stock built for the needs of previous generations may not fully serve a growing and changing region.
-  There is an imbalance of jobs and housing in the region due, in part, to the lack of affordable housing near job centers. One in three residents lives and works in a different county, meaning many residents commute long distances to get to work, increasing transportation costs and impacting residents' mental and physical health.
-  One in two households with less than \$50,000 in income – more than 130,000 households – is severely cost burdened, spending most of their income on housing costs and leaving little income to cover other basic needs such as food, transportation, childcare and medical costs.

- There is more to housing choice than the ability to afford housing. Residents choose where to live based on proximity to jobs, childcare, transportation options, safety and community.

1.2 REGIONAL HOUSING NEEDS ASSESSMENT OVERVIEW

This analysis includes nine sections.

1 – Introduction

2 – Background and Policy Context. This section provides an overview of state, regional, and local housing policy and planning efforts.

3 – Population and Household Characteristics. This section explores who lives in the region by understanding issues like race and income; recent and forecasted trends in population growth; and other household factors, such as overcrowding, special housing needs, and displacement.

4 – Housing Supply. This section describes housing supply and development patterns in the region to understand the current housing inventory by type and differences across the region.

5 – Housing Affordability. This section discusses ownership and rental costs, unit availability and income-restricted housing across housing submarkets.

6 – Housing Market Trends. This section describes recent trends in housing development across the region, including trends in areas planned for significant growth in regional growth centers and near high-capacity transit.

7 – Workforce Characteristics. This section discusses trends in job growth, wages, and the location of jobs in relation to housing.

8 – Needs Analysis. This section evaluates the alignment between the region's housing inventory and the housing needs of the region's residents. This analysis helps to identify the amount and the types of housing needed over the next 30 years to ensure residents will have access to affordable housing.

9—Conclusion and Next Steps

1.3 DATA SOURCES & LIMITATIONS¹

The majority of the data included in this assessment comes from publicly available data sources, including:

¹ Definitions of commonly used terms available at <https://www.psrc.org/sites/default/files/glossary-housing.pdf>.

- American Community Survey (ACS)
- HUD Comprehensive Housing Affordability Strategy data (CHAS)
- Washington State Office of Financial Management (OFM)
- PSRC Permit Database
- PSRC Covered Employment Database
- PSRC Regional Macroeconomic Forecast

Other data sources include:

- CoStar
- Feedback from focus groups

Subareas. Some data measures in this report include county subareas. The subareas disaggregate each county (both incorporated and urban unincorporated areas) into two or three housing market subareas, as shown below.

Figure 2: County Subareas



Source: PSRC

Many data measures highlight differences by race. In this report, people of color include individuals who report as Black, Hispanic/Latinx, Asian, American Indian, Alaskan Native, Native Hawaiian, other, Pacific Islander, or two or more races or ethnicities. People of color are sometimes referred to as “minority populations” in other PSRC publications or elsewhere to be consistent with U.S. Census Bureau data.

While the Regional Housing Needs Assessment uses the most recent data available, the majority of the data included in the assessment is only available for 2018 and 2019. Thus, much of the data and analysis included in this assessment does not reflect the recent impacts of COVID-19, including changes in employment, evictions and housing instability due to job losses and the economic downturn, and commuting changes as many residents in the region work remotely.

Area Median Income: Area median income (AMI) commonly refers to the area-wide median family income (MFI) calculation provided by the Department of Housing and Urban Development (HUD) for a county or metropolitan region. Income limits to qualify for affordable housing are often set relative to AMI or MFI and adjusted based on household size. In this report, unless otherwise indicated, both AMI and MFI refer to the HUD Area Median Family Income (HAMFI).

1.4 ENGAGEMENT AND REVIEW

The development of the Regional Housing Needs Assessment included community engagement and review from several PSRC boards and committees, and a wide range of housing professionals. Examples include:

- Early Scoping Conversations. PSRC connected with 14 housing stakeholders as part of an early scoping process to help inform discussions around scope, methodology, and deliverables.
- PSRC Boards and Committees. The Growth Management Policy Board developed the Regional Housing Strategy project scope. The board, Regional Staff Committee, Regional Transit-Oriented Development Advisory Committee, and Land Use Technical Advisory Committee reviewed the methodologies and findings for the Regional Housing Needs Assessment.
- Stakeholders Event. PSRC held an interactive event for housing professionals to take a “deep dive” into early findings from the Regional Housing Needs Assessment. The session included an overview of the data and small-group breakout discussions to focus on the key findings and data needed to support the forthcoming Regional Housing Strategy.
- Focus Groups. PSRC conducted remote focus groups with residents to ground truth the quantitative analysis and ensure the findings reflect lived experiences.

1.5 NEXT STEPS

This project builds on adopted regional policy in VISION 2050 and its local implementation through countywide planning policies and comprehensive plan updates. The project assumes the central tenets of VISION 2050’s housing policies and Regional Growth Strategy – to preserve, improve, and expand the region’s housing stock to provide a range of affordable, accessible, healthy, and safe housing choices. It also assumes that the region consists of differing geographies of varying scales – will carry forward into future plan and policy updates. The project recognizes that some locations near high-capacity transit, such as manufacturing/industrial centers, have different roles and may not support additional housing development. Some issues related to the housing strategy, such as access to jobs, commercial displacement, social equity, and growth targets, will be more fully addressed in other coordinated and complementary VISION 2050 implementation projects.

The project will develop a set of recommended actions and will be implemented through future plan updates and other regional and local housing work.

The strategy will build on existing and forthcoming county, subregional and local housing work, such as action plans funded by HB 1923, and the work of the King County Affordable Housing Committee and Snohomish County Housing Affordability Response Team (HART). PSRC staff will continue to coordinate with local staff to ensure the strategy provides value at the regional and local level and minimizes duplication. The strategy will also support regional work including the Growing Transit Communities Strategy, and forthcoming Regional Equity Strategy, growth targets guidance, and Regional Centers Framework implementation.

2 BACKGROUND AND POLICY CONTEXT

This section provides an overview of state, regional, and local housing policy and planning efforts.

2.1 HOUSING IN THE GROWTH MANAGEMENT ACT

The Washington Growth Management Act's overarching planning goal for housing (Goal 4) is to "[e]ncourage the availability of affordable housing to all economic segments of the population of

this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.”²

The Growth Management Act requires that countywide planning policies (CPPs) and multicounty planning policies (MPPs), which establish the policy framework for local comprehensive plans, at a minimum include “policies that consider the need for affordable housing, such as housing for all economic segments of the population and parameters for its distribution.”³

Finally, the Growth Management Act requires that local jurisdictions develop comprehensive plans that include “a housing element ensuring the vitality and character of established residential neighborhoods that: (a) Includes an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth; (b) includes a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences; (c) identifies sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities; and (d) makes adequate provisions for existing and projected needs of all economic segments of the community.”⁴

2.2 HOUSING IN VISION 2050

VISION 2050 is the shared regional plan for moving toward a sustainable and more equitable future. The region is expected to grow by 1.6 million people, reaching a total population of 5.8 million by 2050. An anticipated 1.2 million more jobs are forecast by 2050. The region’s population in 2050 will be older and more diverse, with smaller households than today. Planning for this much growth is difficult, and VISION 2050 recognizes that local, state, and federal governments are all challenged to keep up with the needs of a growing and changing population.

Housing is a top priority among the region’s residents. Despite a strong surge in housing construction, the region continues to experience a housing affordability crisis that requires coordinated efforts to expand housing options and create greater affordability. This won’t be easy. Market pressures and strong employment result in rising prices and rents. The region’s cities need more housing supply to catch up with demand, but even with more housing options, housing will remain unaffordable to those earning the lowest incomes. Local governments generally do not build housing but do play an important role in shaping the type, location and amount of housing available by establishing zoning, setting density limits, and providing funding and incentives for affordability.

² Revised Code of Washington (RCW) 36.70A.020 (4), Washington Administrative Code (WAC) 365-196-305

³ RCW 36.70A.210

⁴ RCW 36.70A.070

VISION 2050 calls for cities and counties to support the building of more diverse housing types, especially near transit, services, and jobs, to ensure all residents have the opportunity to live in thriving urban places. VISION 2050 also calls for more housing affordable to low- and very low-income households. It recognizes that providing long-term affordable housing for the region's most vulnerable residents requires public intervention through funding, collaboration, and jurisdictional action and cannot be met by market forces alone.

The development of the Regional Housing Strategy, including this Regional Housing Needs Assessment, is a key implementation action in VISION 2050. In addition to the Regional Housing Strategy, PSRC will develop tools and resources to assist cities and counties with local housing efforts.

2.3 HOUSING IN COUNTYWIDE PLANNING POLICIES

Countywide planning efforts play an important role in addressing housing, beginning with their targeting processes for allocating residential and employment growth. Countywide planning policies (CPPs) are currently being reevaluated and updated to be consistent with VISION 2050 and in preparation for the periodic update of local comprehensive plans in 2024. Consistent with VISION 2050, the four counties will also set housing growth targets for cities and unincorporated areas.

Countywide planning policies also include a variety of policies related to affordable housing. While none of the counties currently assign specific affordable housing targets to individual jurisdictions, the CPPs do provide guidance on assessing local needs within a context of countywide need.

CPPs in each of the counties also include policies that encourage local consideration of a variety of housing tools, such as mandatory inclusionary zoning and various types of housing incentives. The CPPs also generally encourage coordination around monitoring housing outcomes over time.

2.4 HOUSING IN LOCAL COMPREHENSIVE PLANS

Local comprehensive plans establish the overall vision for community development, set the framework for future land use and zoning, and set local priorities for strategies and investments.⁵ As such, they have a direct impact on housing and housing affordability. The housing element of each plan is expected to address several aspects of housing and housing affordability. First, plans should promote increased housing production opportunities, including diverse types and styles for all income levels and demographic groups. The housing element should evaluate affordable housing needs, including an assessment of existing and future housing needs based on regional and local factors, including household income, demographics, special needs populations, and adequacy of existing housing stocks.

Finally, local plans should address regional housing objectives in VISION 2050, including: addressing long-term housing supply; promoting affordable housing in all development, with an

⁵ RCW 36.70A.070

emphasis in centers and near transit; jobs-housing balance; and mitigating residential displacement. Local actions will be critical for the region to make progress in addressing the lack of affordable and available housing.

The Regional Housing Strategy, including this Regional Housing Needs Assessment, can serve as a framework as local jurisdictions update their plans for the 2024 periodic update.

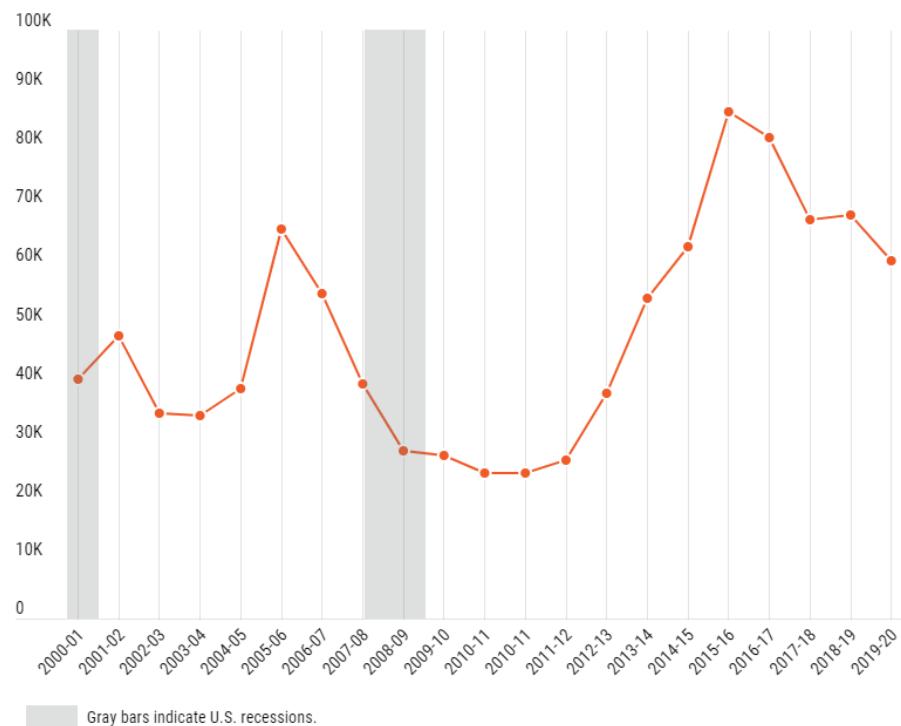
3 POPULATION AND HOUSEHOLD CHARACTERISTICS

Population and household factors play a critical role in the amount and type of housing needed. This section will explore who lives in the region by understanding issues like race and income; recent and forecasted trends in population growth; and other household factors, such as overcrowding, special housing needs, and displacement.

3.1 POPULATION GROWTH

The region has gained a million people since 2000—the equivalent of adding another Seattle and Tacoma. As of April 1, 2020, the region's population reached 4,264,200. In 2019, the region added 60,800 residents—or 166 people a day. This is less growth than in recent years when it topped 80,000 but still remarkably strong.

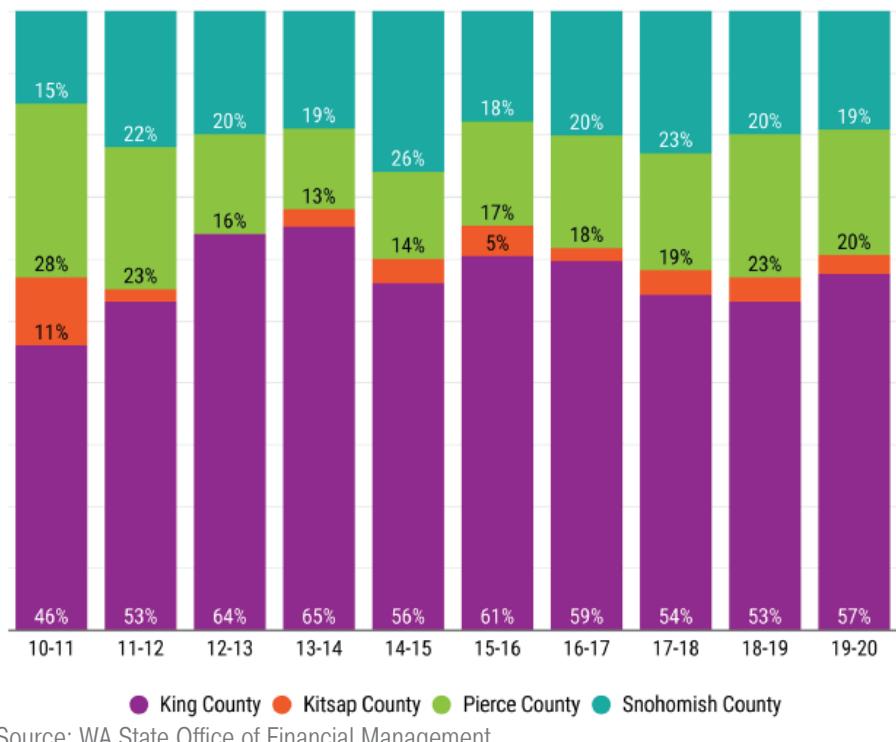
Figure 3: Annual Population Change in Central Puget Sound, 2000-2020



Source: WA State Office of Financial Management

More than half of the region's population growth has happened in King County each year since 2011. From spring 2019 to spring 2020, King County added 34,500 people, which was 57 percent of the region's increase. Pierce and Snohomish counties together accounted for 40 percent of the region's population growth last year. Pierce added 12,400 people and Snohomish added 11,800. Kitsap comprised 3 percent of the region's growth, with 2,100 additional residents.

Figure 4: Share of Region's Population Change by County, 2010-2020



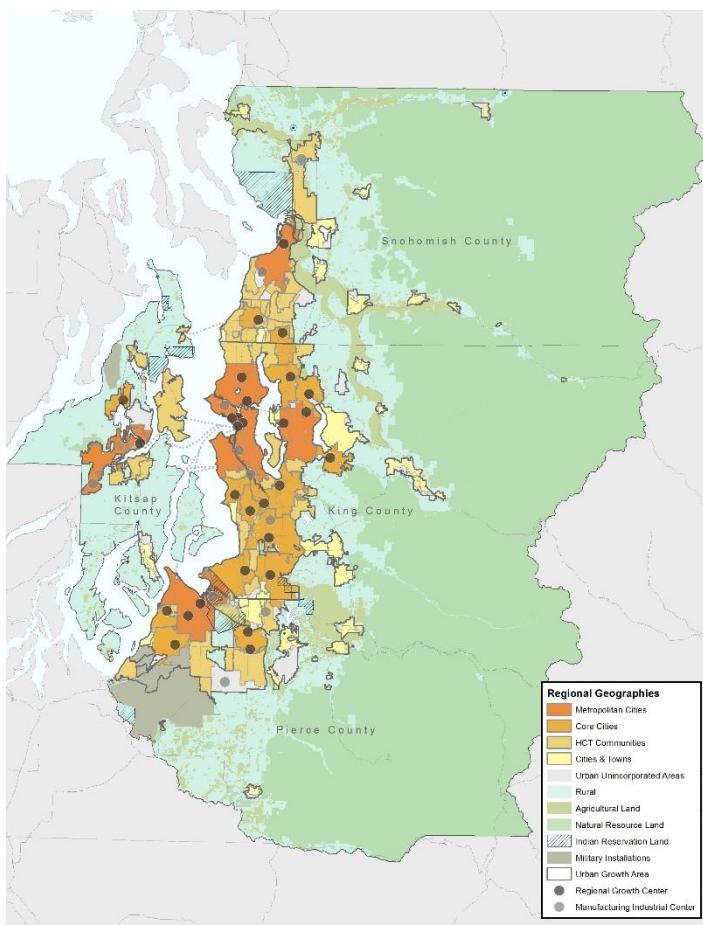
● King County ● Kitsap County ● Pierce County ● Snohomish County
Source: WA State Office of Financial Management

3.2 FUTURE GROWTH AND THE REGIONAL GROWTH STRATEGY

The region is anticipated to grow over the coming three decades. VISION 2050 is a shared strategy for how and where the central Puget Sound region can grow to accommodate a forecast of 5.8 million people and 3.4 million jobs by the year 2050. The Regional Growth Strategy considers how the region can distribute the forecasted growth, primarily within the designated urban growth area, and support development near high-capacity transit in the region. The strategy is a description of a preferred pattern of urban growth that has been designed to minimize environmental impacts, support economic prosperity, advance social equity, promote affordable housing choices, improve mobility, and make efficient use of new and existing infrastructure.

Regional Geographies are groupings of cities and unincorporated areas used for planning and growth distribution purposes in the Regional Growth Strategy of VISION 2050. Growth is allocated to the six geographies described below. Military lands and Tribal reservation lands also identified and will grow and change over time but are not allocated growth under VISION 2050.

Figure 5: Regional Geographies



Metropolitan Cities are central cities with high-capacity transit and at least one regional growth center and serve as a civic, cultural, and economic hub in a county.

Regional growth: 36 percent population & 44 percent employment

Core Cities are other major cities with regional growth centers and key hubs for the region's multimodal transportation system.

Regional growth: 28 percent population & 35 percent employment

High Capacity Transit Communities are cities and urban unincorporated areas with existing or planned light rail, commuter rail, ferry streetcar, or bus rapid transit.

Regional growth: 24 percent population & 13 percent employment

Cities and Towns include an array of jurisdictions that provide important housing, jobs, commerce, and services in their downtowns and local centers.

Regional growth: 6 percent population & 4 percent employment

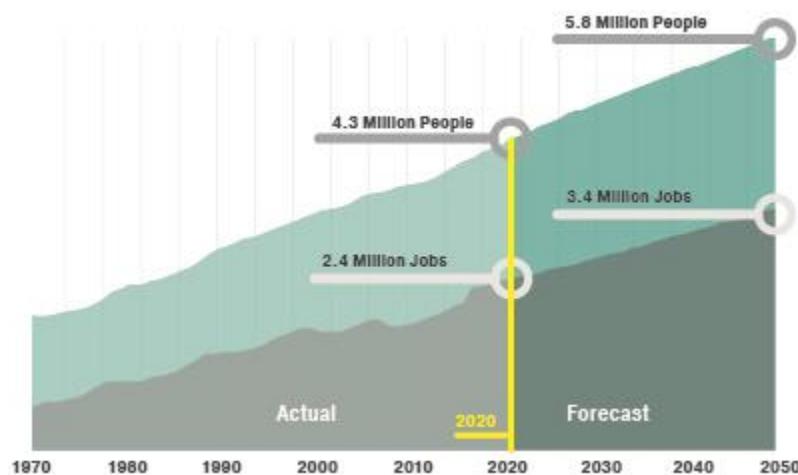
Urban Unincorporated Areas are county governed areas made up of both lightly developed outlying areas and neighborhoods that are much more urban.

Regional growth: 3 percent population & 2 percent employment

Rural Areas provide cultural, economic, and rural lifestyle opportunities and are not intended to accommodate significant growth.

Regional growth: 2 percent population & 1 percent employment

Figure 6: Actual and Forecasted Employment and Population Growth



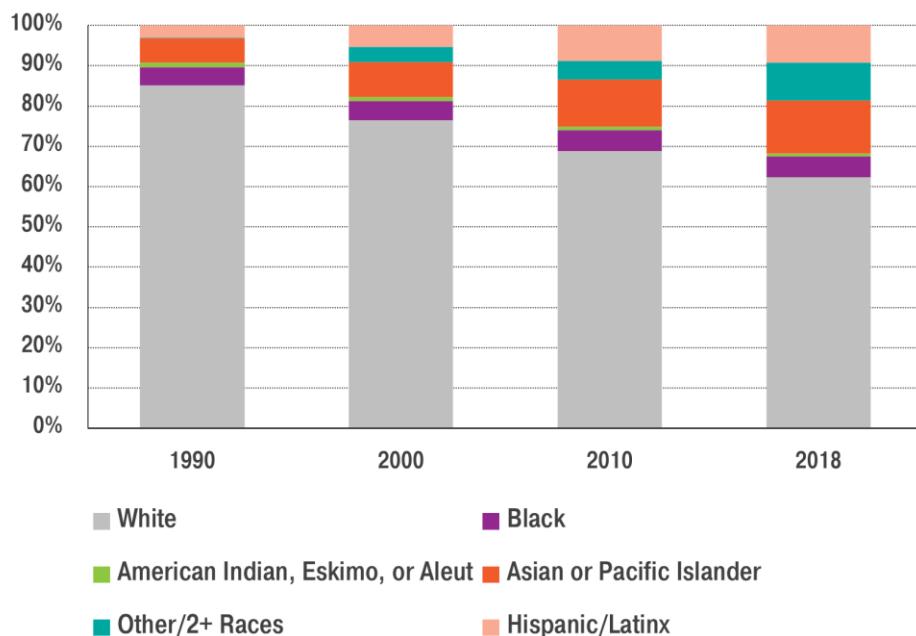
Source: PSRC Regional Macroeconomic Forecast

Planning for a balanced distribution of affordable housing choices and jobs is critical to the success of the Regional Growth Strategy. Skyrocketing housing prices have displaced residents, particularly in major cities and near job centers. The displacement risk mapping discussed in the Displacement section 3.12 identifies areas most at risk of cultural, economic, and physical displacement. VISION 2050 calls for jurisdictions to understand and to mitigate displacement for both people and businesses to the extent feasible. Collectively, cities and counties must plan for a wider variety of housing types and densities, particularly moderate density housing, to ensure the region can accommodate new growth while minimizing displacement of existing residents.

3.3 RACE/ETHNICITY

People of color make up about one-third of the region's current population and increased by 774,000 residents, or 100 percent, from 2000 to 2018. This increase in population is over twice the size of the existing population in Kitsap County. The white population in the region has grown at a much slower rate of 159,000 residents, or 6 percent. People of color represent 83 percent of the region's population growth since 2000.

Figure 7: Population by Race/Ethnicity, 1990-2018

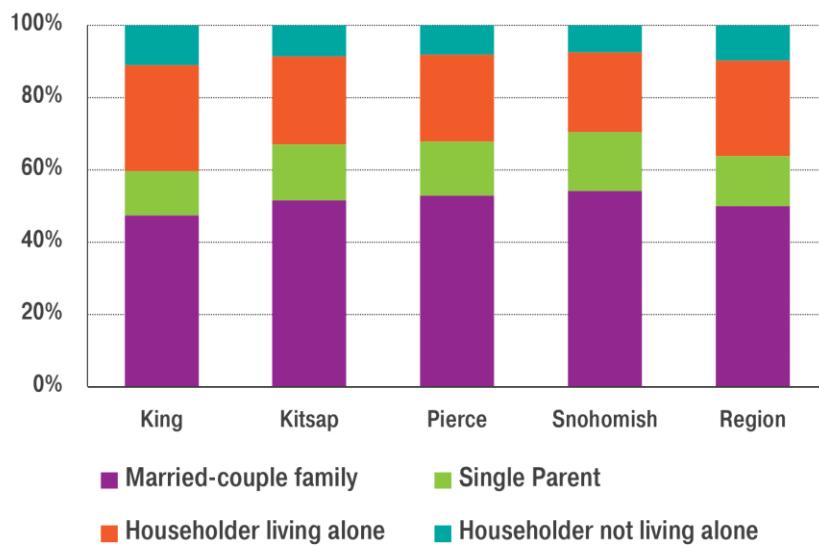


Source: American Community Survey 5-Year Estimates

3.4 HOUSEHOLD SIZE AND FORMATION

Household types are fairly uniform across the region. King County has the highest percentage of people living alone, at about 30 percent, and people living with roommates, around 10 percent. Across the region, single female householders are twice as prevalent as single male householders.

Figure 8: Household Type, 2018

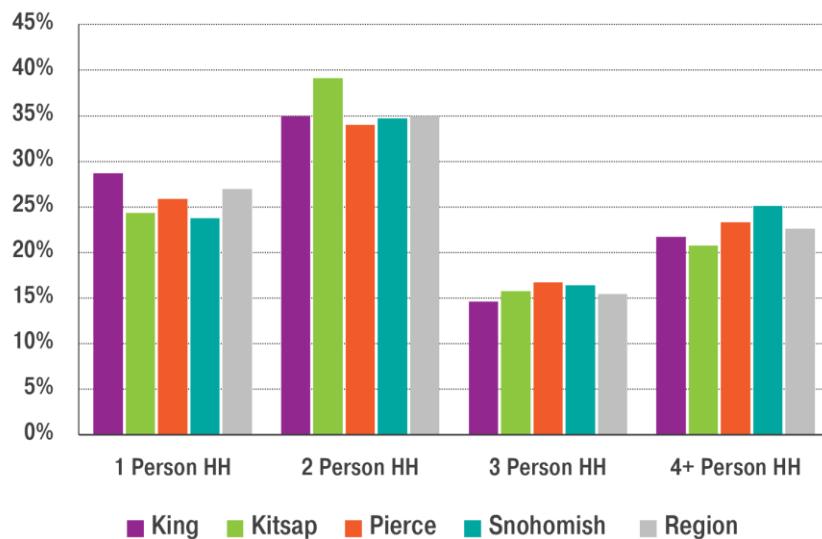


Source: American Community Survey 5-Year Estimates

Larger families typically seek larger homes with three or more bedrooms, while singles and two person households may be well-served by smaller housing types. Individual households also change over time as people's circumstances change. Life events such as getting married or divorced, having children, grown children leaving home, and retirement, can all influence household size and housing needs. A balanced community will often include a mix of families with young children, singles, non-family housemates, aging couples, multigenerational households, and everything in-between.

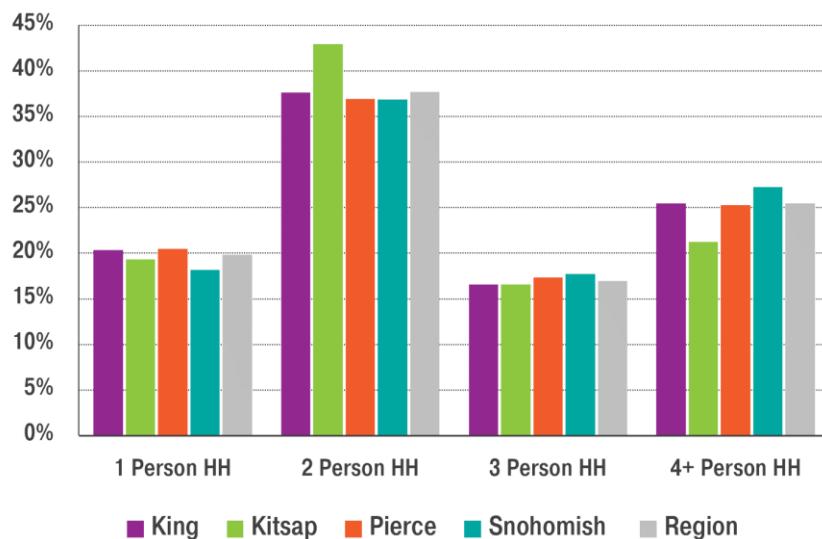
About 62 percent of households are comprised of one or two people, and close to 30 percent of households in King County are people living alone. Snohomish County has the largest percentage of larger households, with one-quarter that are 4+ person households. The Washington state average household size is 2.55 people per household compared to 2.50 in the region.

Figure 9: Households by Size – All Households, 2018



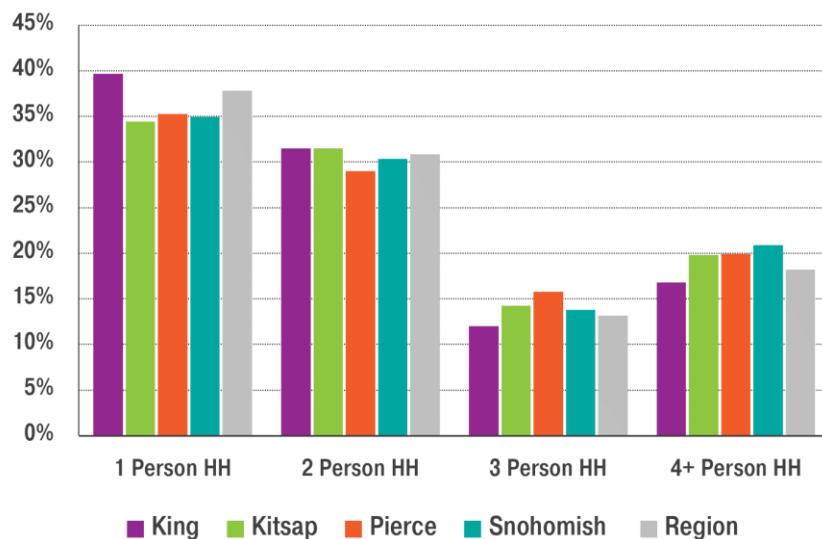
Source: American Community Survey 5-Year Estimates

Figure 10: Households by Size – Owner-occupied Units, 2018



Source: American Community Survey 5-Year Estimates

Figure 11: Households by Size – Renter Occupied Units, 2018



Source: American Community Survey 5-Year Estimates

One and two person households make up 69 percent of all renter occupied households, while they make up 58 percent of owner-occupied households. A higher rate (25 percent) of owner-occupied households are 4+ persons compared to renters (18 percent).

3.5 QUALITY AND CONDITION OF HOUSING

Overcrowding

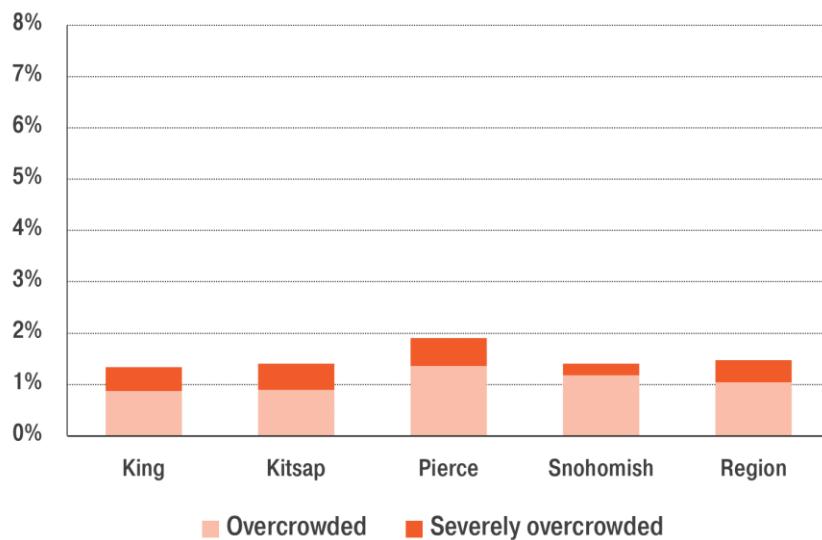
HUD considers a household to be overcrowded if there is more than one person per one room in the housing unit. In this definition "rooms" include living rooms, dining rooms, kitchens, bedrooms, finished recreation rooms, enclosed porches suitable for year-round use, and lodger's rooms.

Overcrowded housing in urban areas has been a problem since the beginning of the 20th century and continues to be a problem today.

Children living in overcrowded households tend to have lower educational achievement, more behavioral issues, and higher rates of physical and mental health problems. On a neighborhood level, overcrowded housing puts a strain on local resources and is an indicator of disparities between population income and housing affordability. Immigrant populations are particularly susceptible to issues of overcrowded housing, and the Los Angeles metropolitan area has one of the highest rates of overcrowded housing in the country. Overcrowding can also help in identifying a lack of supply in affordable housing in an area.⁶

An estimated 56,000 households in the region experience overcrowding. Overcrowding is significantly higher among renters. Renters experience overcrowding at more than four times the rate of owners. Approximately 41,000 renter-occupied households are overcrowded. Overcrowded is defined by HUD as greater than 1 occupant per room, and severe overcrowding is greater than 1.5 occupants per room.

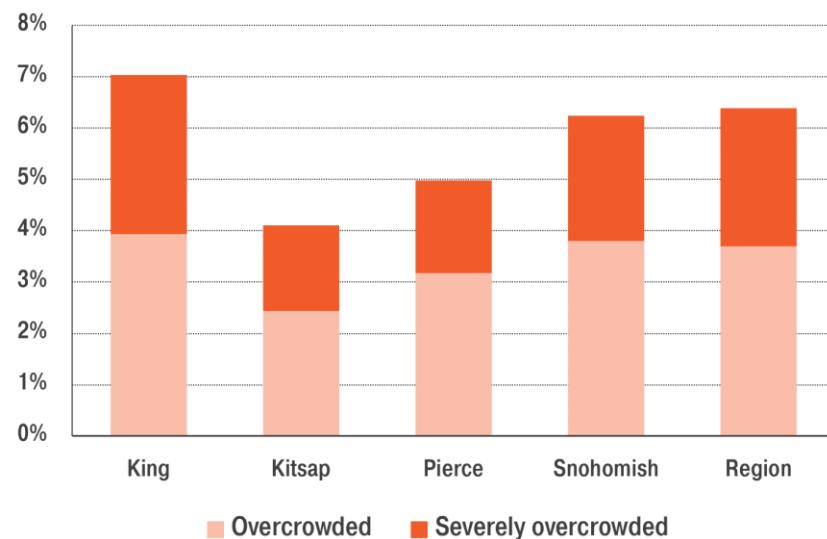
Figure 12: Overcrowded Units – Owner Occupied, 2018



Source: American Community Survey 5-Year Estimates

⁶ Neighborhood Data for Social Change, <https://usc.data.socrata.com/stories/s/Learn-More-Overcrowding-LA-/7bwa-87rn/>

Figure 13: Overcrowded Units – Renter Occupied, 2018



Source: American Community Survey 5-Year Estimates

Housing Condition

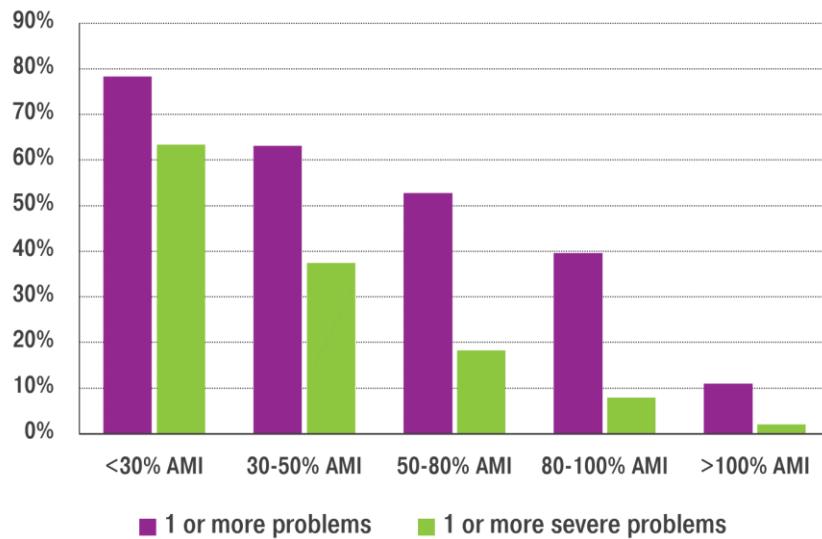
Housing condition is affected by factors like a home's design and age. Poor-condition housing is associated with various negative health outcomes, including chronic disease and injury and poor mental health. The quality of a home's neighborhood is shaped in part by how well individual homes are maintained, and widespread residential deterioration in a neighborhood can negatively affect mental health.⁷

Renters experience significantly higher rates of housing problems⁸ compared to owners. More than half of renter households have at least one problem, defined as lacking complete plumbing, lacking complete kitchen facilities, is overcrowded, or cost burdened. Owners also experience high rates of housing problems, particularly households below 80 percent AMI. For renters, the rate of housing problems drops sharply among households above 50 percent AMI. Renters between 30-50 percent AMI have the highest rates of housing problems.

⁷ Housing and Health: Time Again for Public Health Action, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1447157/>

⁸ There are four housing problems delineated in the CHAS data: 1) housing unit lacks complete kitchen facilities; 2) housing unit lacks complete plumbing facilities; 3) household is overcrowded; and 4) household is cost burdened. A household is said to have a housing problem if they have any 1 or more of these 4 problems.

Figure 14: Housing Problems – Owner Occupied

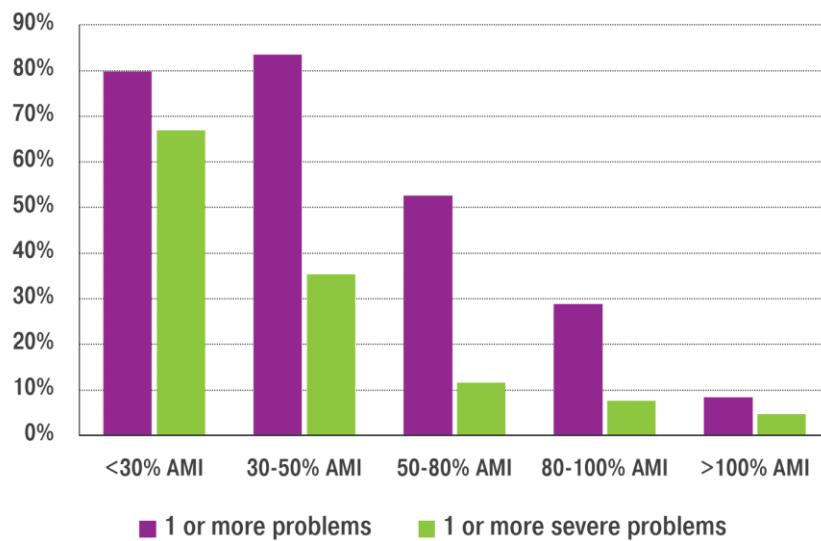


Source: Comprehensive Housing Affordability Survey 2012-2016

The cost of maintaining housing can lead to financial burden, and delayed maintenance may lead to serious housing problems. While rental housing may include heaters, the cost for a heating deposit may be unaffordable for residents. In focus groups to support this needs assessment, residents stated that the unexpected costs of repairs are often unaffordable. For some, this leads to a desire to rent rather than own and be responsible for those costs.

"There are homeowners who are barely making it and don't have budget to repair unexpected needs."

Figure 15: Housing Problems – Renter Occupied Units in Region, 2016

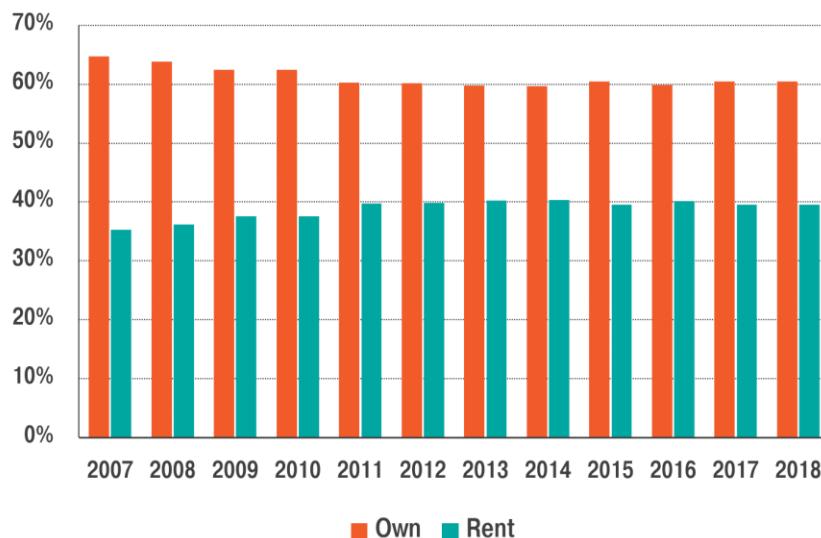


Source: Comprehensive Housing Affordability Survey 2012-2016

3.6 HOUSING TENURE

The majority of households in the region, 60 percent, own their homes. However, the percentage of homeowners dropped during the Great Recession and has marginally increased since. Driving factors for this trend include the relatively low supply of homes for sale and rapidly increasing cost of housing. However, demand factors, such as the influx of job-seeking renters and Millennials waiting longer to buy homes than previous generations, are likely in play as well.

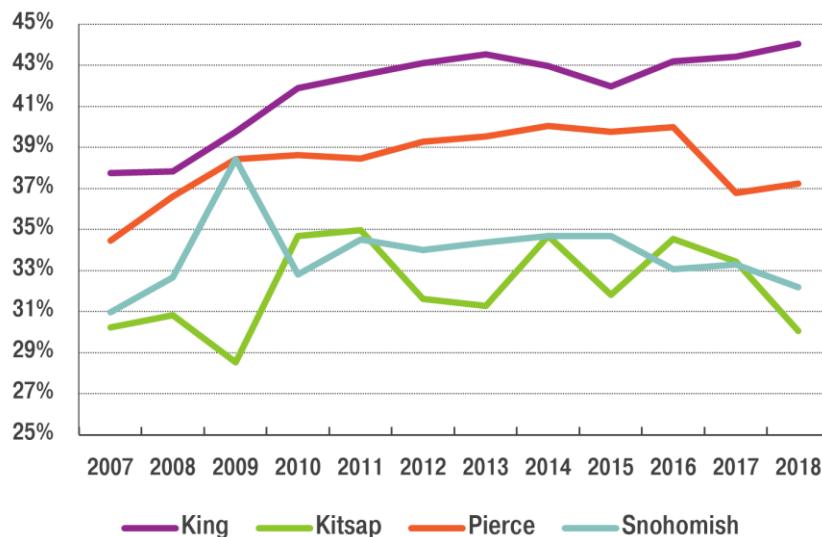
Figure 16: Housing Tenure, 2007-2018



Source: American Community Survey 5-Year Estimates

There is some variation in housing tenure at the county level. Since 2011 the percentage of renter occupied housing has grown in all four counties, with the greatest increases in King County and Pierce County. The difference in the percentage of renter occupied housing among the counties has also grown, with a widening gap in renters in King and Pierce counties compared to Kitsap and Snohomish counties.

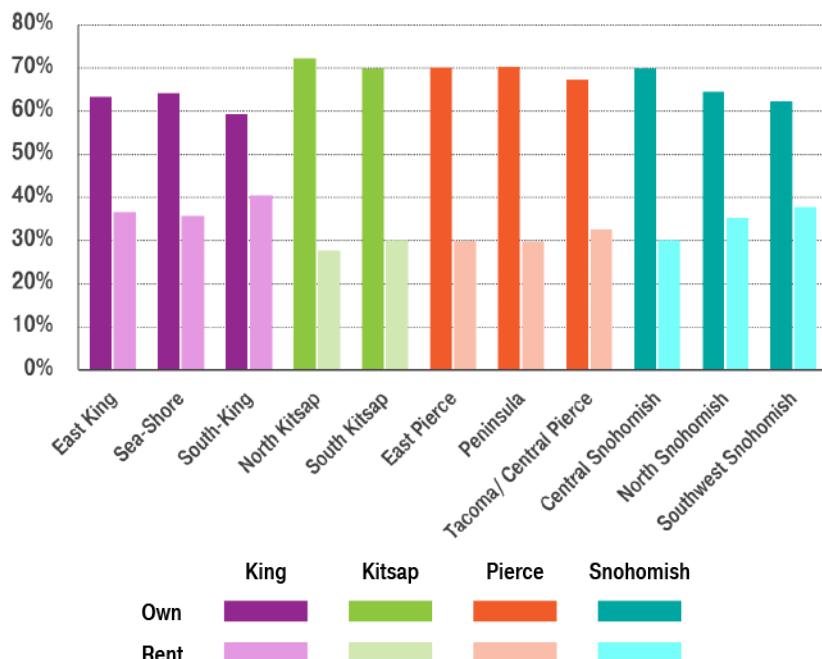
Figure 17: Renter Occupied Housing, 2007- 2018



Source: American Community Survey 5-Year Estimates

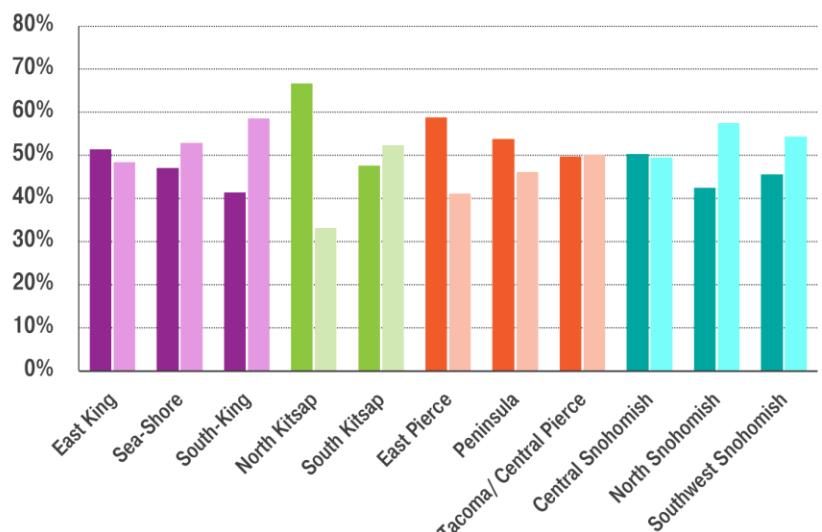
There is no “correct” ratio between renters and owners within a community. Home ownership is a goal for many households and has been an important way to build intergenerational wealth, and the region should address barriers to ownership for affected families and individuals. This option does not suit all lifestyles, however, and a healthy housing stock will provide options at different price points for both owners and renters.

Figure 18: Housing Tenure by Subarea – White Households, 2018



Source: ACS 2018 5-Year Estimates

Figure 19: Housing Tenure by Subarea – Person of Color Households, 2018

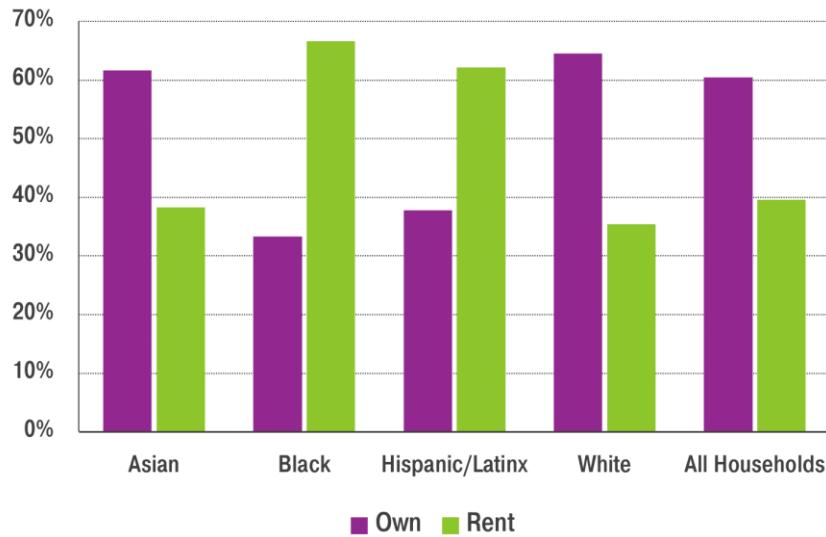


Source: ACS 2018 5-Year Estimates

Homeownership rates are also the product of decades of public policies and private practices that, throughout the 20th century, often excluded lower-income households, immigrant communities, and people of color from accessing housing and living in certain areas. Together, past and current

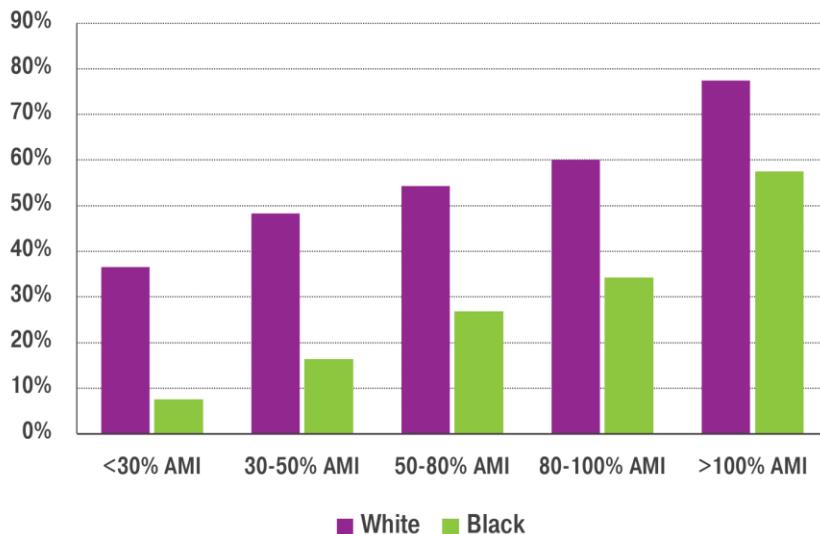
housing practices have perpetuated substantial inequities in wealth, ownership, and opportunity, and they continue to create barriers to rectifying these conditions. There are greater variations in housing tenure when analyzed by the race/ethnicity of the households. While the region has a renter rate of 40 percent for all households, 35 percent of white households are renters, while 67 percent of Black and 62 percent of Hispanic households are renters. In every subarea, white households have greater rates of homeownership compared to people of color. The central Puget Sound region's housing landscape reflects more than market forces and conditions.

Figure 20: Housing Tenure by Race/Ethnicity, 2018



Source: American Community Survey 5-Year Estimates

Figure 21: Homeownership Rate by Income Level, 2017



Source: Comprehensive Housing Affordability Survey 2013-2017

Income disparities for all households are related to homeownership disparities. Those with higher incomes have higher homeownership rates. However, for Black and white households in the same AMI percentage, there is a gap in homeownership rates. White household are more likely than Black households to own in all AMI categories. The gap is largest among low-income households but is less for households over 100 percent AMI. Low-income white households are more likely to be homeowners, and white households at the lowest income levels still have a higher overall homeownership rate than Black households, at 37 percent.

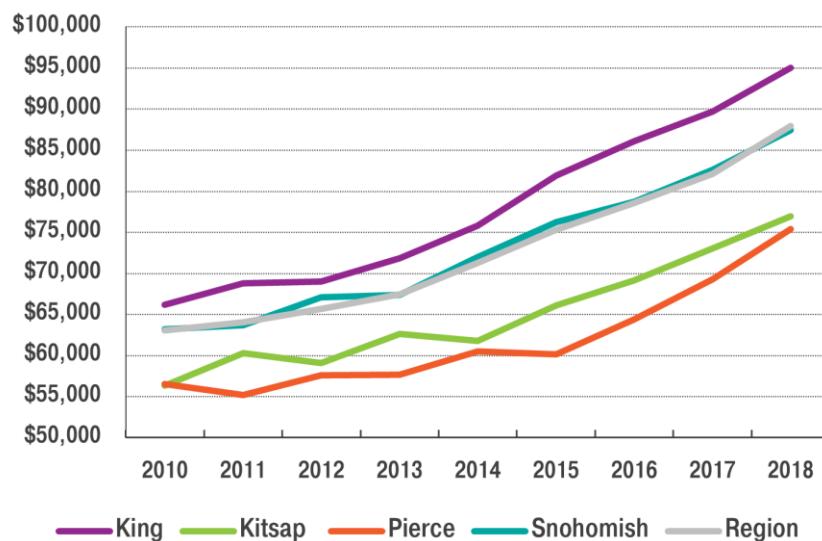
In focus groups, residents also noted additional reasons for renting over owning. One resident noted that homeownership is not very common for Hispanic/Latinx residents in their community. They noted that in their family many fear owning a home after the experience of losing a home after the Great Recession. Another focus group participant noted that no one in their family owns a home, making it difficult have the financial literacy needed to purchase a home. Others noted that many choose to rent because the costs are more inclusive and there are fewer unexpected repairs and maintenance costs than when owning a home.

3.7 HOUSEHOLD INCOME

Income affects a household's ability to purchase or rent a home. Like housing costs, household income varies across the region shaping local housing market conditions.

Figure 22 shows median household income is climbing in all four counties. However, the gap in household income has grown substantially since 2010, from a gap of nearly \$10,000 between King and Pierce counties to a gap of close to \$20,000 in 2018. The median household income has grown the most in King County, up 44 percent from 2010.

Figure 22: Median Household Income, 2010-2018



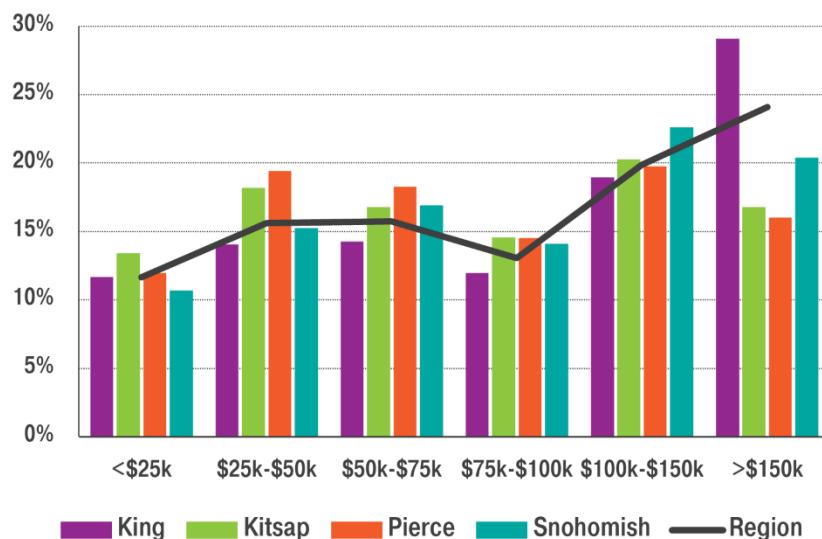
*values have not been adjusted for inflation

**regional value is for Seattle-Tacoma-Bellevue MSA

Source: American Community Survey 5-Year Estimates

A quarter of all households in the region, nearly half a million, have incomes less than \$50,000. King County has the highest share of households with incomes over \$100,000. Nearly 30 percent of all households in King County have incomes over \$150,000. Thus, while median household income is trending upward, there are still many low- and moderate-income households across the region.

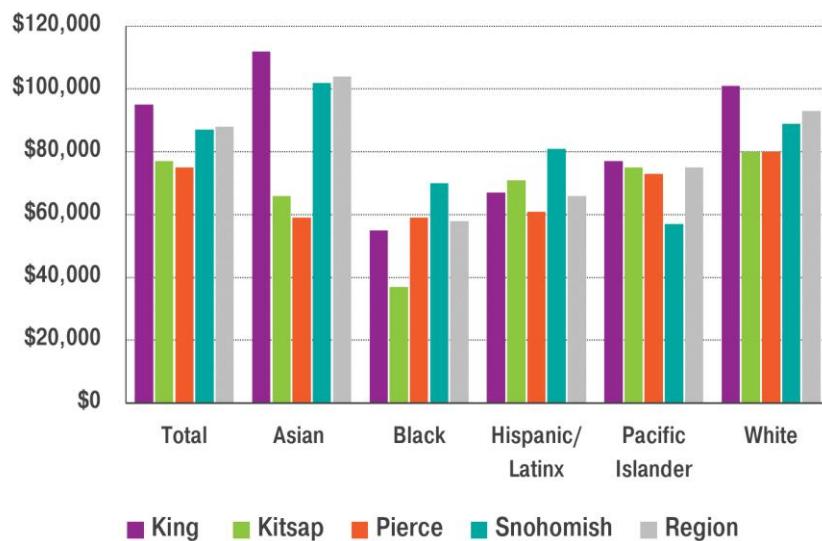
Figure 23: Household Income Distribution, 2018



Source: American Community Survey 5-Year Estimates

There is a strong relationship between race/ethnicity and income. On average, white and Asian households had incomes 38 percent to 57 percent higher than Hispanic/Latinx households, and 58 percent to 79 percent higher than Black households, as shown in Figure 24. Black households experience the largest disparity in income of the groups analyzed. Regionwide, a Black household will earn one-third less than the regional median income. Median household incomes for Asian households vary significantly by county. The median household income for Asian households in King County is \$52,000 higher than Asian households in Pierce County. In Pierce and Kitsap counties, the median income for Asian households is lower than both white and Hispanic/Latinx households.

Figure 24: Median Household Income by Race/Ethnicity, 2018



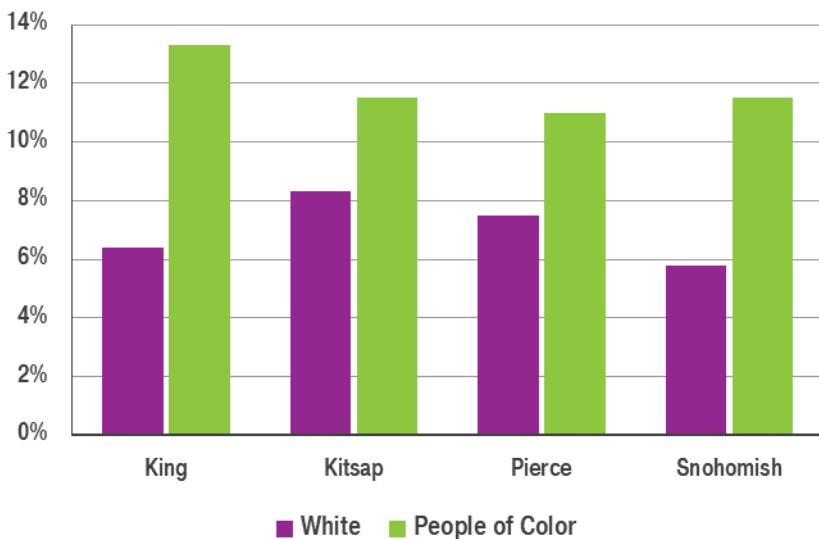
*Region is for Seattle-Tacoma-Bellevue MSA

Source: American Community Survey 5-Year Estimates

3.8 POVERTY

Across the region people of color face higher poverty rates than their white counterparts. The greatest disparity in poverty between white and people of color is in King County, where 13 percent of people of color experience poverty compared to 7 percent of the white population. The Black population experiences the highest level of poverty in King County while the Native/Indigenous populations experience the highest poverty levels in Kitsap and Snohomish counties. The Hispanic/Latinx population experiences the highest rate of poverty in Pierce County.

Figure 25: Poverty Rate by Race/Ethnicity, 2018



Source: American Community Survey 5-Year Estimates

3.9 SPECIAL NEEDS POPULATIONS

There are many groups within a community who may have special needs for housing. Needs can range from design accommodations to on-site care provision. Estimating the size of these populations can help the region understand whether existing housing stock and services have sufficient capacity to meet these specific needs. The needs of these groups are generally not analyzed in the housing element of local comprehensive plans but are integral to the planning for human services and housing assistance programs. This report does not provide detailed data for each special needs category, but does provide an overview by income thresholds.

HUD data from 2012 to 2016 shows that regionwide, 69 percent of households include one or more members with a health impairment or limitation.⁹ King County is below the regional total, with 66 percent of households identifying with a health impairment or limitation. Kitsap County (78 percent), Pierce County (71 percent), and Snohomish County (76 percent) are above the regional total.

Assessing households with special needs by income helps to identify populations that may require long-term supportive subsidized housing. Many low and very-low income households – below 50 percent AMI – require housing that the private market will not provide. In all four counties, the majority of households at these income thresholds shown identify as having a health impairment or limitation.

⁹ According to HUD, health impairment and limitations include hearing or vision impairment; ambulatory limitation; cognitive limitation; self-care or independent living limitation.

3.10 SENIORS

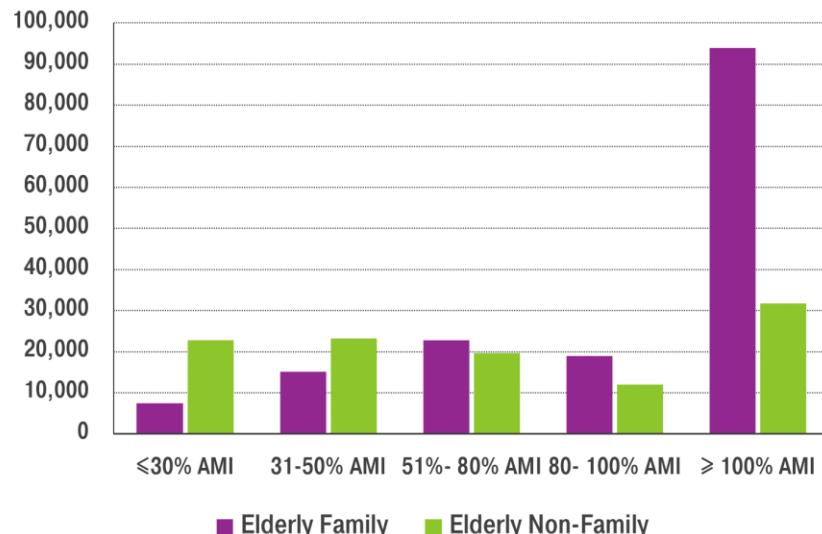
As residents age, they are more likely to live alone and more likely to be part of low- or very low-income households. Certain communities may attract retirees or see young people leave the community for more economic opportunity elsewhere. Older adults may also need additional supportive care, which adds to financial insecurity in vulnerable households. They may also be on fixed incomes making unexpected costs associated with home maintenance difficult to afford.

"It terrifies me because I don't think retirement money is going to pay for my cost of living. I'm going to have to be somewhere that all of that is included, the repairs. I'm not going to be able to afford that."

Figures 26 and 27 illustrate the AMI distribution of the elderly population (seniors) in both renter and owner-occupied households. The elderly population is designated by being of 65 years of age and above and is divided by elderly family and elderly non-family categories. In this case, elderly family are those that live in a two-person household, with either or both members above the age of 65. Elderly non-family households are those that are single people living independently or in group homes.

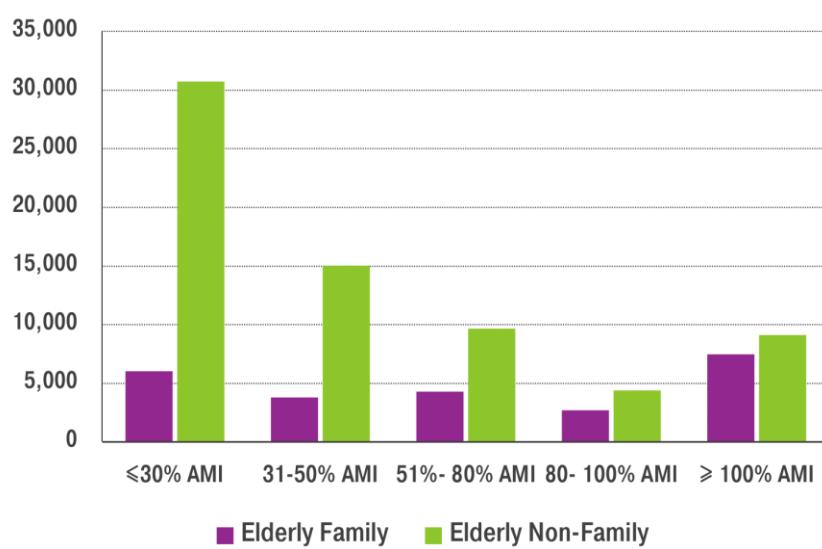
The majority of elderly homeowners live with at least one other person and have above the median income. However, the majority of elderly renters live alone and are very low-income – earning less than 30 percent AMI. For lower income elderly residents who live alone, there are a range of challenges in providing affordable housing and services to ensure people can live in safe and stable housing as they age.

Figure 26: Senior Homeowners by Income Level, 2016



Source: Comprehensive Housing Affordability Survey 2012-2016

Figure 27: Senior Renters by Income Level, 2016



Source: Comprehensive Housing Affordability Survey 2012-2016

3.11 PEOPLE EXPERIENCING HOMELESSNESS

Once thought of as an inner-city issue, homelessness is a concern for every central Puget Sound community, small and large, urban and suburban. While there are many reasons people experience homelessness, there is a close correlation between the growing number of people experiencing homelessness and rising housing costs.¹⁰ Focus group participants noted how close they have been to being homeless based on rising housing costs and trade-offs they have had to make in paying for housing over other services.

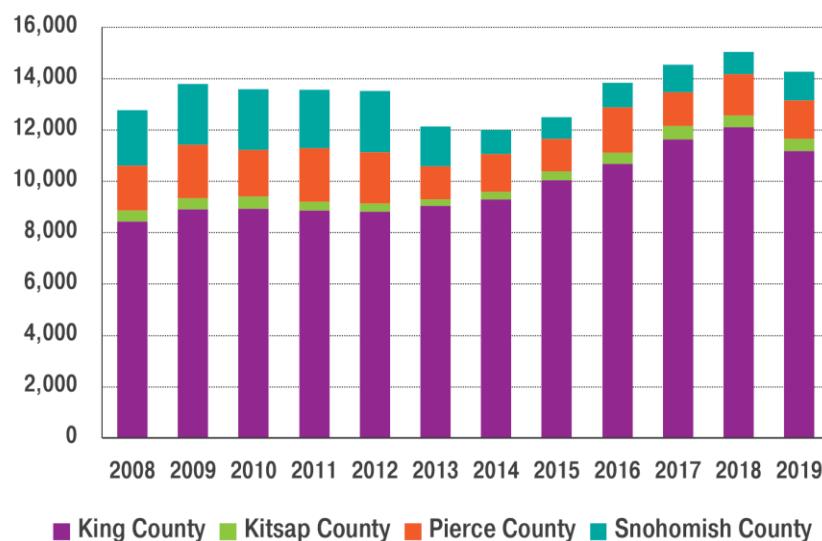
"I'm one check away from homelessness, and I know it. It's a house of cards, it only takes one thing and I will be homeless."

The annual Point-in-Time Count is a blitz count of sheltered and unsheltered people experiencing homelessness on one night.¹¹ Since 2008, the number of people without shelter increased by approximately 18 percent, driven by the number of unsheltered people nearly doubling in Pierce and King counties.

¹⁰ Glynn, Chris, and Emily B. Fox. (2017). *Dynamics of homelessness in urban America*. Available <https://arxiv.org/abs/1707.09380>.

¹¹ This data is challenging to compare over time as the geography and ability to count people changes from year to year. Additionally, the collection methodology has changed since 2008

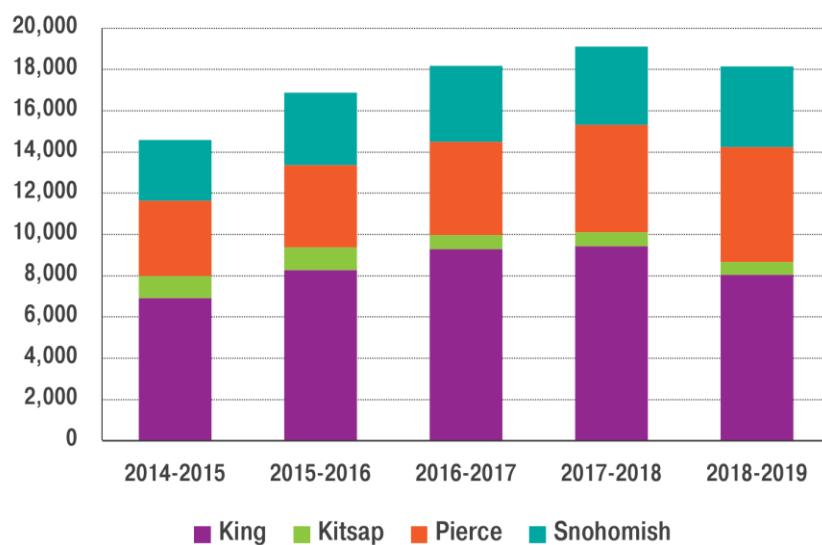
Figure 28: Individuals Facing Homelessness, 2008-2019



Source: Point in Time Counts

The McKinney-Vento Act¹² requires school districts to track the number of students experiencing homelessness every school year. The number of homeless students in the region increased by 57 percent from 2011 to 2016. Many of the students captured in the McKinney-Vento numbers are the unseen homeless, students living in motels, couch surfing, and living in cars and RVs.

Figure 29: Students Facing Homelessness, 2015-2019



Source: WA State Office of Superintendent of Public Instruction

¹² The McKinney-Vento Act defines homeless children as "individuals who lack a fixed, regular, and adequate nighttime residence." Examples of this include students living in motels and couch surfing.

Children in families experiencing homelessness or housing instability face unique challenges. They are at significantly greater risk of chronic absences and interruptions to their education through changing schools. This often leads to lower academic achievement and higher dropout rates.

3.12 DISPLACEMENT

Displacement occurs when housing or neighborhood conditions force residents to move. Displacement can be physical, when building conditions deteriorate – or economic, as costs rise. Communities of color and renter neighborhoods are at a higher risk of displacement.¹³

Gentrification is the influx of capital and higher income, more highly educated residents into lower income neighborhoods. Gentrification may not precede displacement although it is often assumed to be a precursor. Depending on the local and regional context, displacement may precede gentrification or the two may occur simultaneously.¹⁴ Several key factors drive gentrification and displacement: proximity to rail stations, jobs centers, historic housing stock, and location in a strong real estate market. Gentrification and displacement are regional issues as they are inherently linked to shifts in the regional housing and job market.¹⁵

Often displacement occurs when new amenities are being added to a neighborhood that should be advantageous to existing residents but actually contribute to redevelopment. For example, focus group participants noted that redevelopment of affordable housing in the central Puget Sound region has forced many residents to move out of their existing homes.

"A lot of people were displaced to build High Point, and the people who had been there couldn't come back. There's no talk about how that's being preserved, it's just being erased."

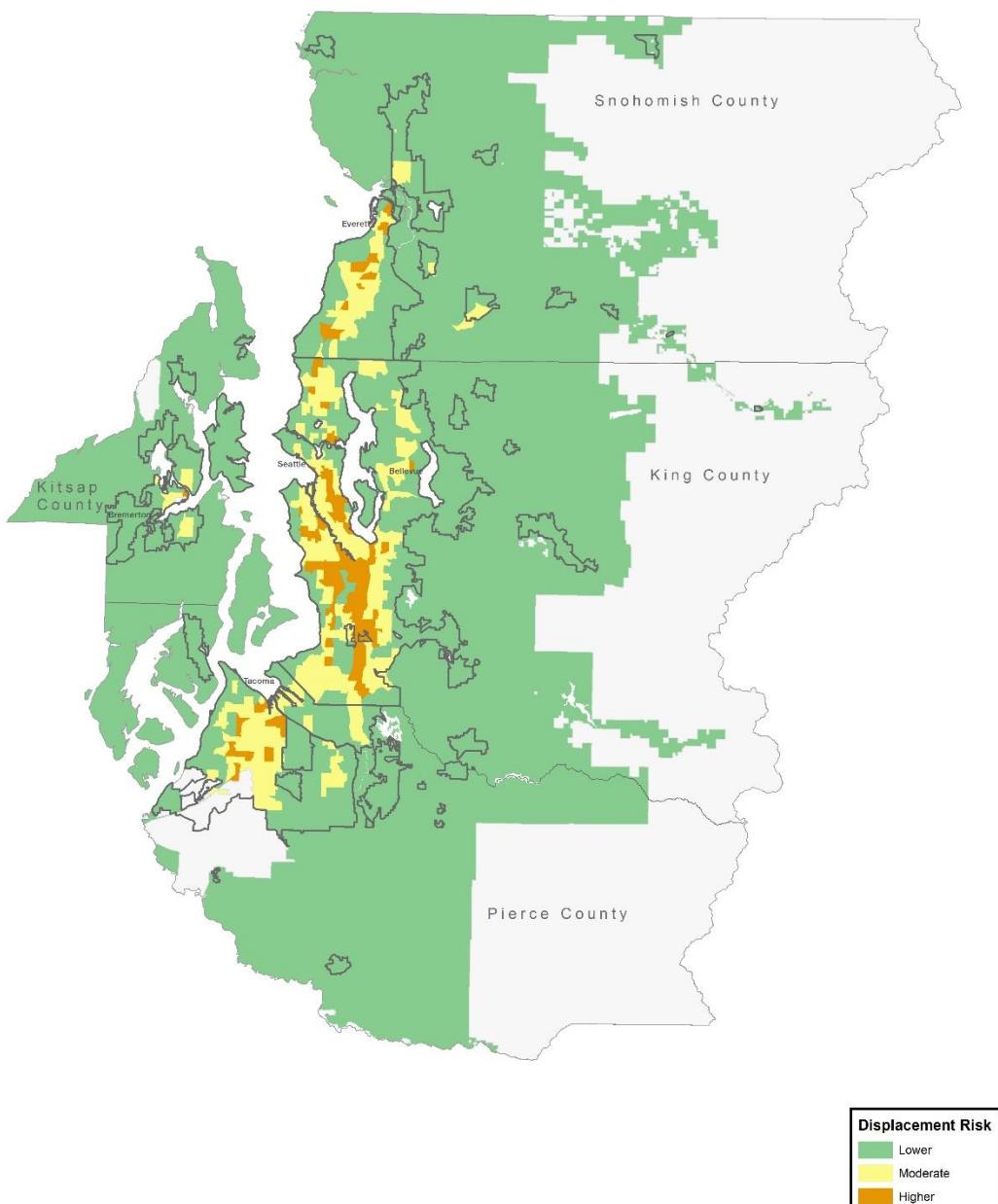
¹³ University of California Berkeley. (2015). Urban Displacement Project. Available at http://www.urbandisplacement.org/sites/default/files/images/urban_displacement_project_-_executive_summary.pdf

¹⁴ Ibid.

¹⁵ Ibid.

The Displacement Risk Mapping Tool uses a composite of indicators representing five elements of neighborhood displacement risks: socio-demographics, transportation qualities, neighborhood characteristics, housing, and civic engagement. The tool compiles census tract data from these five categories of measures to determine level of risk by neighborhood: lower, moderate, and higher. It can be used to better understand how growth may impact existing communities and when steps are needed to help existing residents and businesses remain in their communities.

Figure 30: Displacement Risk



Source: PSRC

PSRC regularly conducts a survey of households in the region to understand day-to-day travel behavior and household characteristics. PSRC added a question to the 2019 Household Travel Survey asking why people relocate in the four-county region. The responses shed light on how big a problem displacement is for households of different races, income levels and life cycles.

A quarter of the households who moved within the region in the last five years relocated because of negative factors like the cost of housing, lower income, loss of community, or being forced to move. This share was consistent for residents in all four counties. Housing cost was by far the main reason.

The 2019 survey data confirms a well-documented phenomenon about housing tenure: renters are much more likely than homeowners to be displaced. In both cases, though, housing cost was the most common displacement factor, with roughly 60 percent of renters and owners selecting this reason if they were displaced.

When it came to household size, one-person households cited displacement factors at a higher rate than others. One reason may be that larger households are more likely to have multiple income sources.

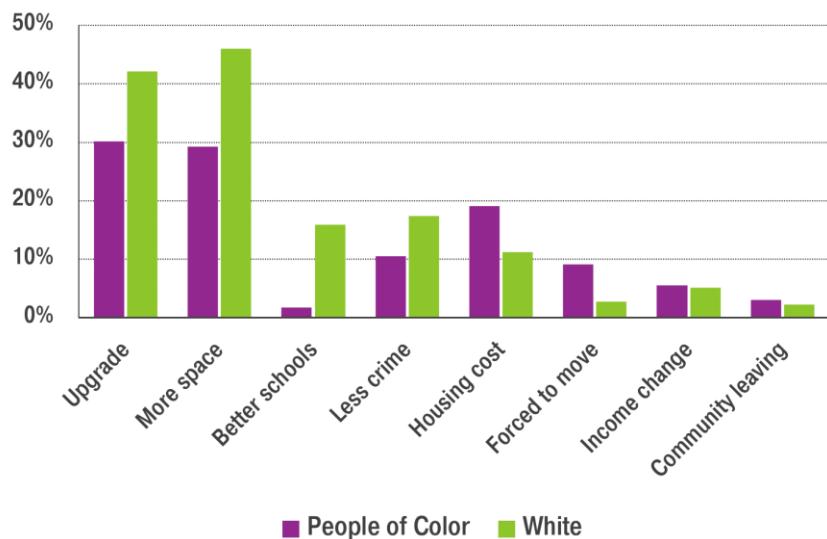
Displacement by Race

One in five white households (22 percent) cited negative factors for leaving their homes, as did 14 percent of Asian households. But nearly one in three (30 percent) other households of people of color moved elsewhere because they had to – housing costs, forced to move, income change, or community leaving.

PSRC used three broad racial groups for this analysis. Since racial categories other than white and Asian were too small in the survey data to appropriately reflect the region's population, we grouped them under "Other People of Color." This includes African Americans, American Indian or Alaska Native, Native Hawaiian or Pacific Islander, Hispanics, multiracial groups.¹⁶

¹⁶ More information on methodology for the 2019 Household Travel Survey available online at <https://www.psrc.org/sites/default/files/hh-travel-survey-2019-racial-category-note.pdf>.

Figure 31: Reason for Moving in Past Five Years, 2019



Source: PSRC 2019 Household Travel Survey

Differences by Income

Lower income households were much more likely than wealthier ones to be forced to move.

Fifty percent of households with incomes under \$25,000 had to move for negative reasons. Only 5 percent of those earning \$150,000 or more annually had to relocate for reasons beyond their control.

Households at other income levels fell somewhere between those extremes. About a third of those in the \$25,000 to \$99,999 range moved for negative reasons, while 16 percent of those in the second-highest highest income bracket were forced to seek new housing.

Although their sample sizes were too small to report, the data indicate non-white households with the lowest incomes (under \$25,000) experienced more displacement than white households in the same income range.

Impacts by Life Cycle

Displacement hit households with seniors harder. About one in three households with someone over 65 had a negative reason for leaving their previous residence. For all other households, it was around one in four.

Data could not be reported by race of households by life cycle because of small sample sizes. But when younger-adults and older-adults households are combined, Asian households had a lower proportion of displacement than Other People of Color households. The data also show that all people of color households with children had a greater rate of displacement than white households with children.

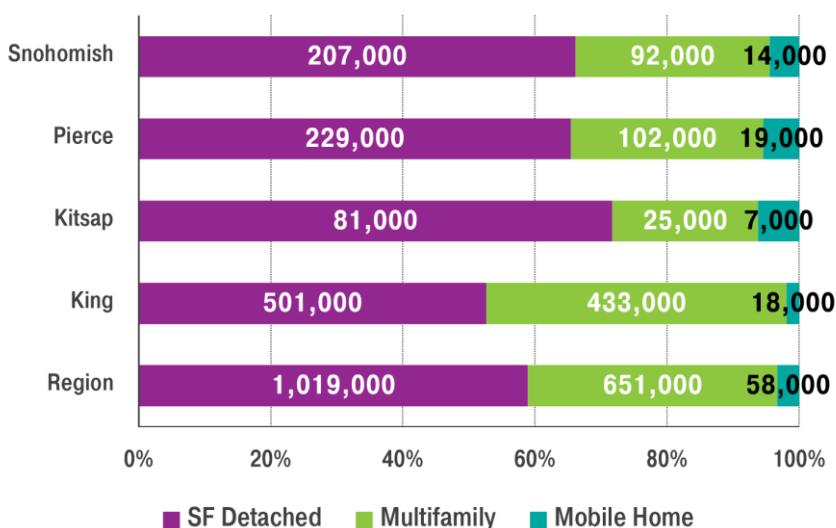
4 HOUSING SUPPLY

This section describes housing supply and development patterns in the region to understand the current housing inventory by type and differences across the region.

4.1 HOUSING UNITS

There are over one million single-family homes in the region. Of the total housing units in the region (1,727,919), a majority (59 percent) are single family detached homes. Figure 32 shows that housing type varies among the four counties. Detached single-family homes make up the largest percentage of the overall housing stock in Kitsap County (72 percent of all units by type). King County has the lowest overall share of single family detached among the counties at 53 percent and a significantly larger stock of multifamily homes. Mobile homes comprise a very small percentage of the total housing stock and do not account for more than 6 percent of the housing stock in any of the four counties.

Figure 32: Units by Type, 2018



Source: American Community Survey 5-Year Estimates

Units in Structure

Figure 33: Units in Structure, 2018

	Region	King	Kitsap	Pierce	Snohomish
Single Family (attached + detached)	1,100,900	547,900	85,800	246,300	220,800
Duplexes	35,200	17,500	2,000	8,400	7,200
Multifamily (3 or 4 units)	64,800	37,100	2,800	14,200	10,700
Multifamily (5 to 19 units)	199,500	123,400	9,200	35,600	31,200
Multifamily (20+ units)	269,100	207,600	6,300	26,800	28,400
Mobile Homes	58,500	18,000	7,100	19,100	14,100
Total	1,727,900	951,600	113,300	350,500	312,600

Source: American Community Survey 5-Year Estimates

The majority of multifamily units are found in larger developments with 20+ units. Structures with more than 20 units make up 16 percent of all units in the region. King County has the highest share of units in these structures (22 percent), significantly more than any of the other counties. Units in structures with 2-19 units make up 17 percent of the units in the region. Kitsap County has the smallest share of units in structures with 12-19 units (12 percent).

Age of Structure

Figure 34: Housing Stock by Year Built and Tenure, 2018

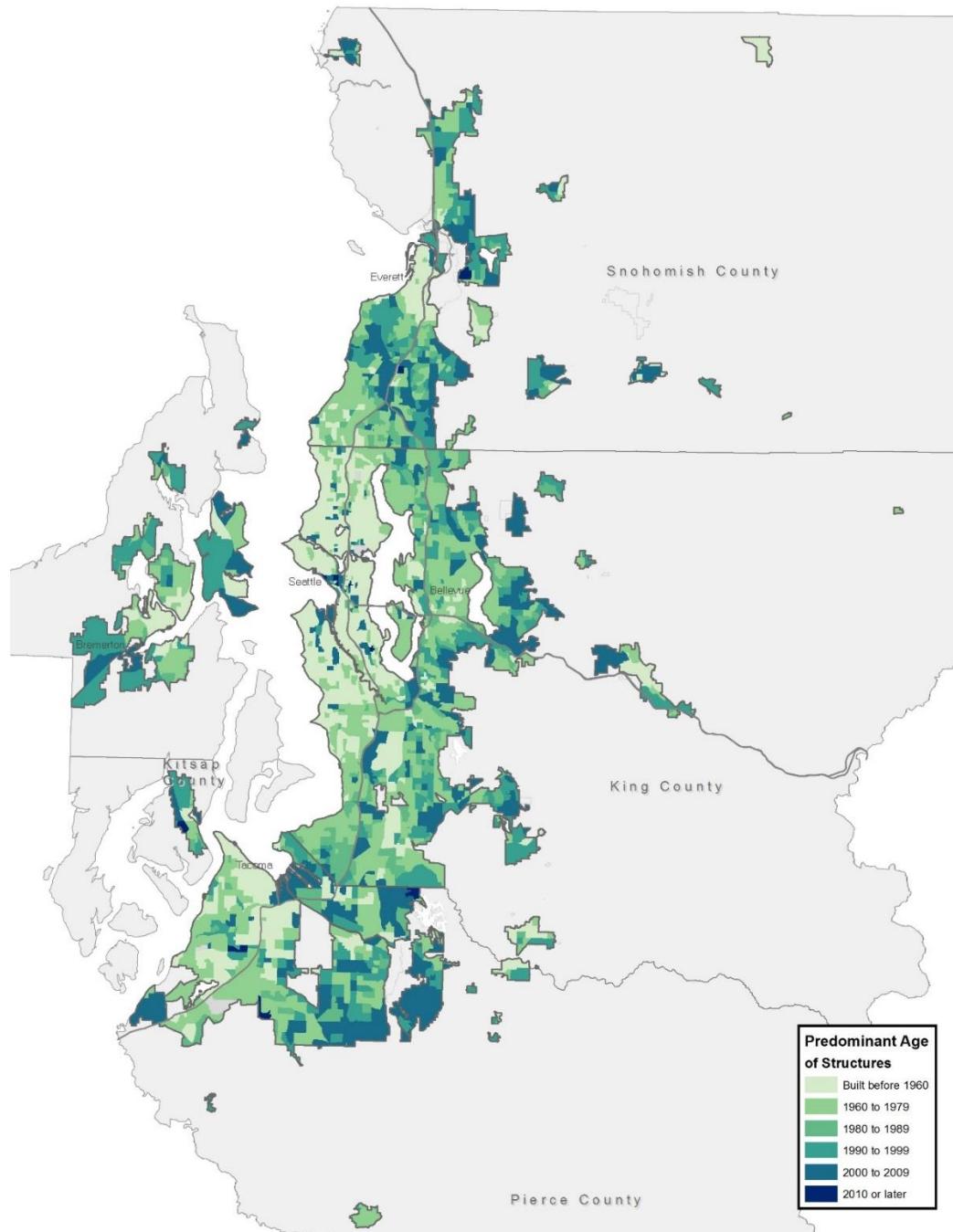


Source: American Community Survey 5-Year Estimates

Figure 34 looks at the region's housing stock by year built and tenure. This chart makes clear that the vast majority (76 percent) of region's housing stock is at least 20 years old, and much of the housing is aged 50+ years. Map 1 provides more information on where housing stock of different ages is located. The map shows that the predominant housing stock in the region's largest cities,

Seattle, Tacoma, and Everett, was built before 1960. Newer housing built since 2000 is the predominant housing age in more suburban areas and on the edges of the urban growth area. While the age of housing is not necessarily correlated with condition or type, older housing that has not been well maintained or remodeled over time may signal needed upgrades and investment.

Figure 35: Predominant Age of Structure by Census Tract, 2018



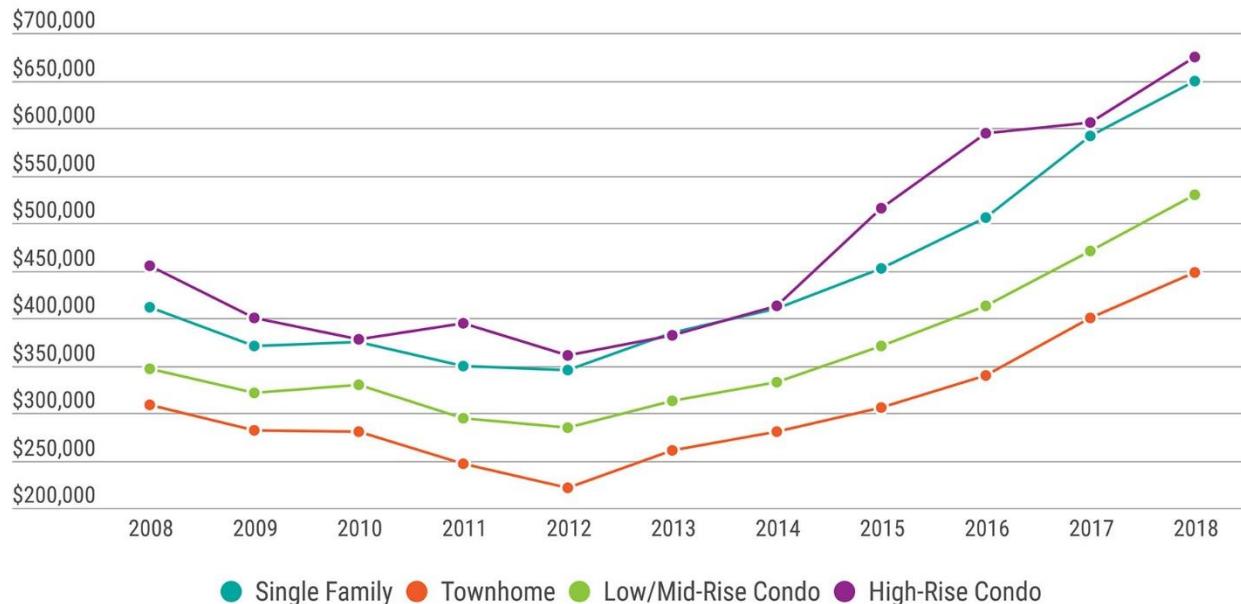
Source: ACS 2018 5-Year Estimates

4.2 MISSING MIDDLE HOUSING

Middle density housing refers to a range of housing types — from duplexes to townhomes to low-rise multifamily developments — that bridge a gap between single-family housing and more intense multifamily and commercial areas. Middle density housing can help promote housing diversity, give people greater housing choices, and produce urban densities that support walkable communities, local retail and commercial services, and efficient public transit. Yet availability of these housing options is often few and far in between in many communities, hence the term “missing” middle housing.

PSRC analyzed King County assessor data for residential sales transactions to confirm whether and to what degree middle housing types can offer more affordable homeownership options in the local market. King County was chosen as a case study area, given a broader array of available housing types and larger sample sizes represented in its assessor sales database. Residential sales transactions were categorized into four housing types — detached single family, townhomes (or attached single family), low/mid-rise condo, and high-rise condo. Mobile homes were excluded from the analysis. The distinction between low/mid-rise and high-rise condo was determined based on construction class (e.g., masonry, wood frame, and prefab steel was considered low/mid-rise; structural steel and reinforced concrete was considered high-rise).

Figure 36: Median Sale Price by Housing Type, 2008-2018



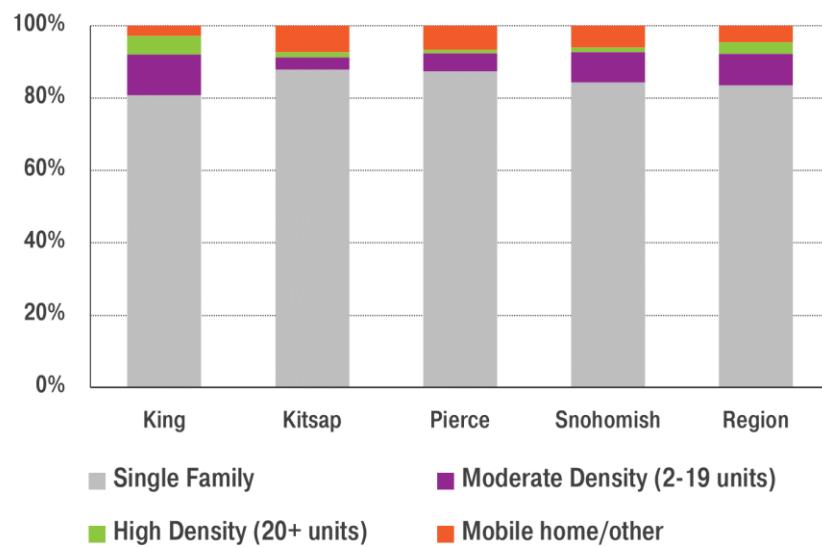
Source: King County Assessor

Over the past 10 years, the median sales prices of townhomes and low- to mid-rise condos were consistently and substantially lower than for single-family homes. In the period studied, the median price for townhome sales recorded to date (from September 2017 through September 2018) was \$448,000, 31 percent lower than the median price for single-family homes (\$650,000). The median

price for low- to mid-rise condos was \$530,000 or 18 percent lower than for single-family homes. High-rise condos, which are some of the most cost-intensive projects to build, came in with the highest median price of \$675,000.

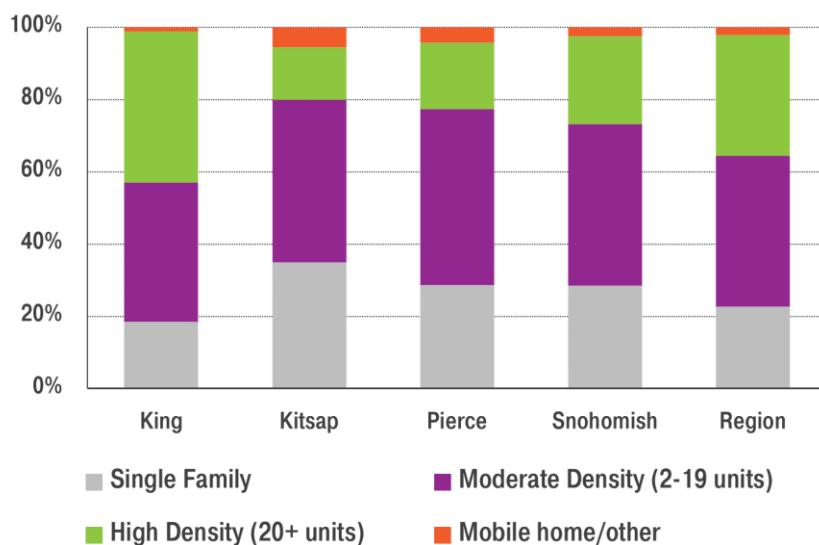
Unit square footage is a key factor behind these price differentials, as the typical townhome and especially condominium unit is smaller than the standard detached single-family home. But in many urban markets, demand is growing for affordable homeownership options within walkable neighborhoods well served by local retail and amenities. Middle housing is small share of region's housing stock.

Figure 37: Owner Occupied Housing by Units in Structure, 2018



Source: American Community Survey 5-Year Estimates

Figure 38: Renter Occupied Housing by Units in Structure, 2018

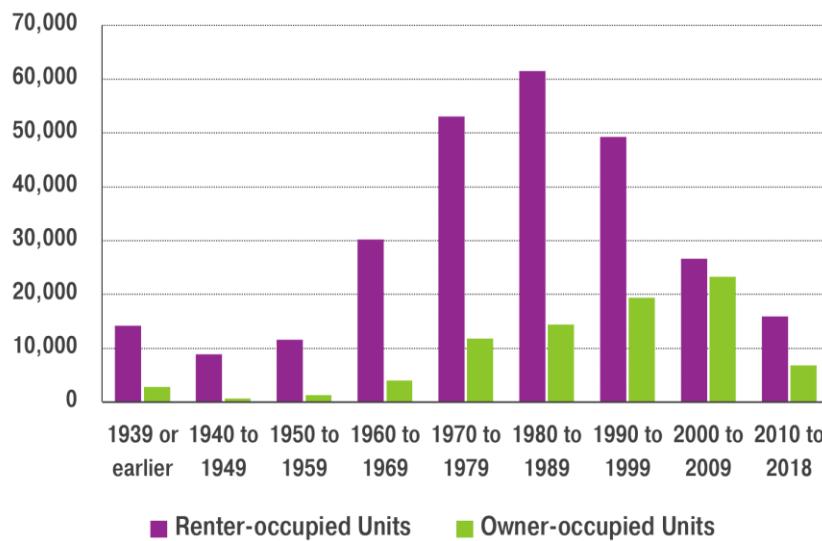


Source: American Community Survey 5-Year Estimates

When evaluating housing types by tenure, the overwhelming share (76 percent) of existing moderate density housing is renter-occupied, while 24 percent is owner-occupied. Moderate density options constitute 42 percent of the region's rental stock but only 9 percent of the ownership stock. Ownership housing is dominated by traditional detached single-family housing (84 percent).

Construction trends by decade for moderate density housing are different for rental and ownership housing. Construction of moderate density rental housing peaked during the 1980s and has been dropping off steadily since then. Construction of moderate density ownership housing, on the other hand, increased steadily through the 2000s, then dropped off noticeably during the current decade.

Figure 39: Moderate Density Units by Year Built and Tenure



Source: American Community Survey 5-Year Estimates

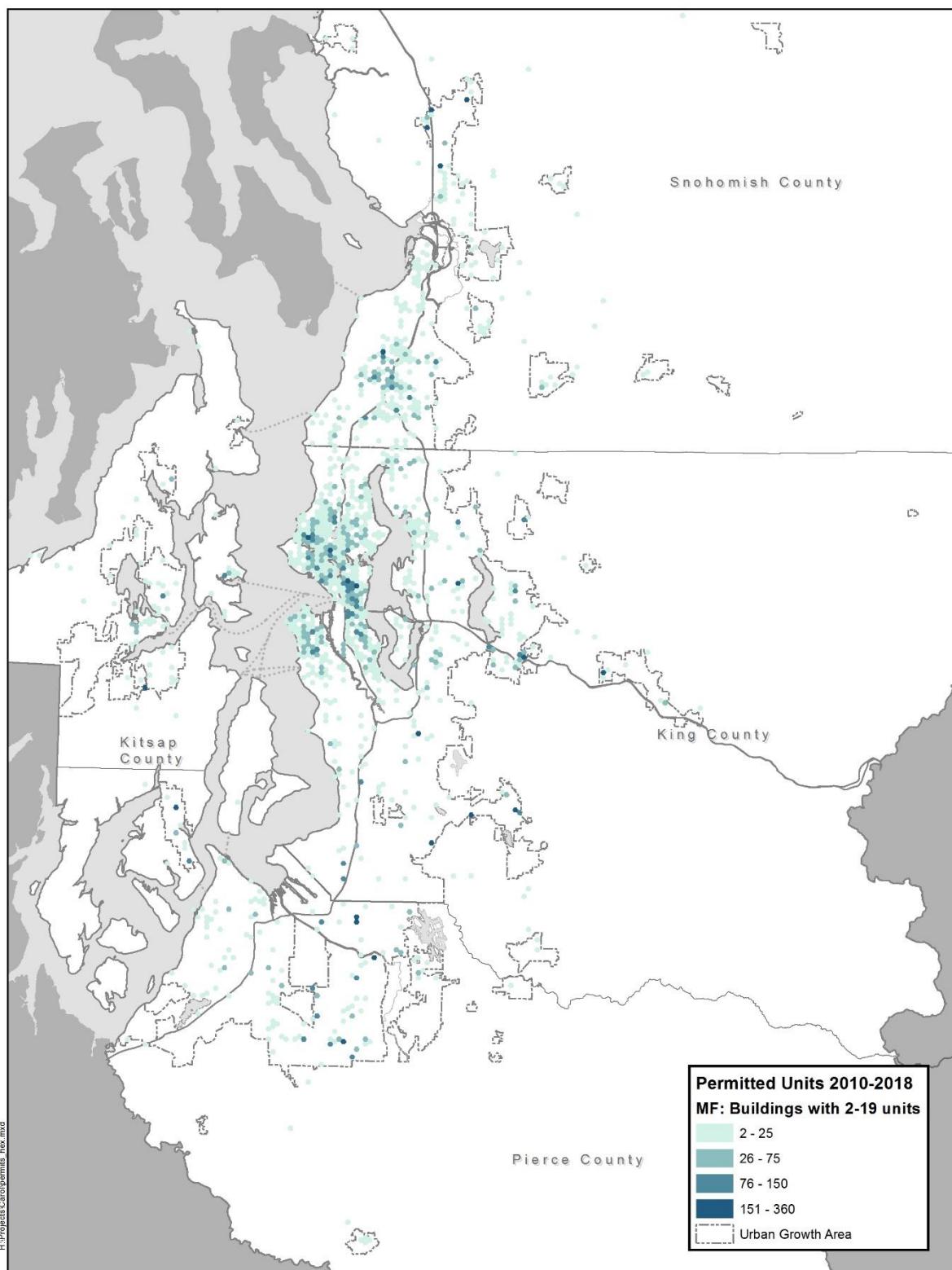
From 2010 to 2018, about 34,100 total units were permitted in areas zoned for moderate density development. This accounts for about 18 percent of residential permits in the region. Two-thirds (23,200) of those units were multifamily. These zones did result in a fair amount of new single-family development as well (10,900 units). The majority of these units were permitted in King County, specifically Seattle as shown in Figure 41.

Figure 40: Units Permitted in Areas Zoned for Moderate Density Development, 2010-2018



Source: PSRC Residential Permit Database

Figure 41: Permitted Units in Multifamily 2-19 Unit Buildings, 2010-2018



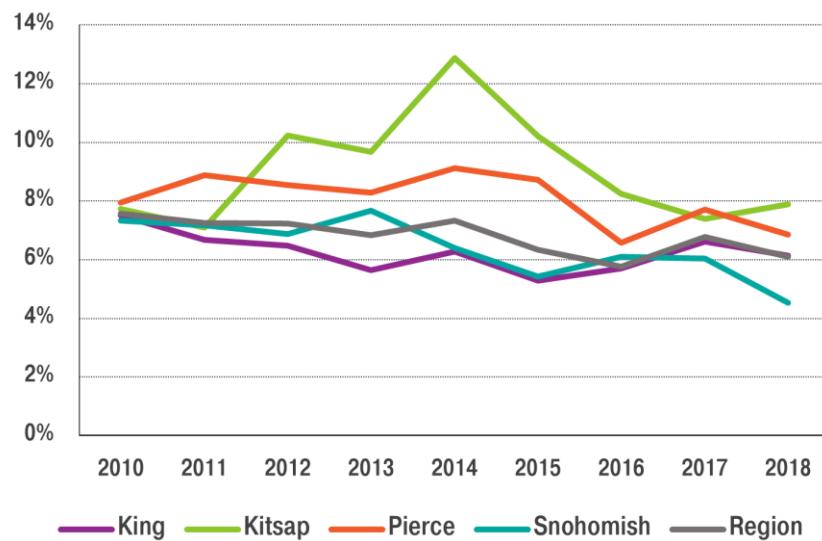
Source: PSRC Residential Permit Database

4.3 VACANCY RATES

Average vacancy rates differ for ownership and rental units. A 2018 study by the Lincoln Land Institute explored the variation experienced between rural and urban housing markets, as well as differences for cities of various size across the country. Taking a long-term view, average vacancy rates in the ownership housing market hover around 2 percent, increasing to 7-8 percent for rental housing.¹⁷ Communities with rates significantly higher than this may be experiencing oversupply, associated with depressed property values and higher crime activity in affected areas. Low vacancy, by contrast, indicates tightness in the housing market, often paired with spikes in the cost of housing and displacement risk.

Vacancy rates continue to be historically low across the region. Figure 42 shows that vacancy rates increased in all four counties during the Great Recession but were lower regionally in 2018 than during the last peak in 2007. Early reports show that rental vacancy rates have decreased during the pandemic.¹⁸ Participants of focus groups noted the “slim pickings” of housing available for rent and that this impacted their ability to live in their desired neighborhoods.

Figure 42: Vacancy Rate, 2010-2018

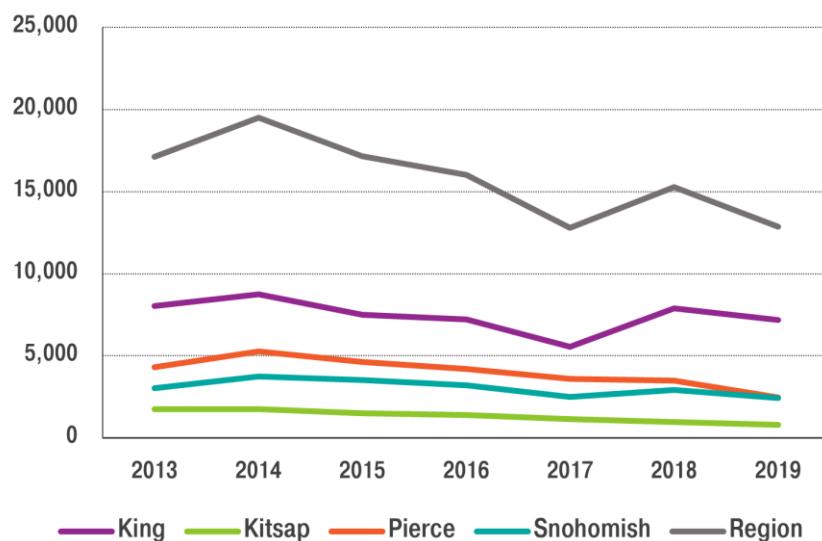


Source: American Community Survey 5-Year Estimates

¹⁷ 3 Lincoln Land Institute, 2018 "The Empty House Next Door", <https://www.lincolnlinst.edu/sites/default/files/pubfiles/empty-house-next-door-full.pdf>

¹⁸ Seattle PI, 2021, "Rental vacancy rate in Washington one of the lowest in the country", <https://www.seattlepi.com/realestate/article/rental-vacancy-washington-one-of-lowest-15970116.php>

Figure 43: For Sale Inventory, 2013-2019



Source: Zillow

The number of available homeownership opportunities, often measured by the inventory of residential properties for sale, is at a historic low. All counties have seen declines, with the most dramatic contraction in for-sale inventory in King County.

5 HOUSING AFFORDABILITY

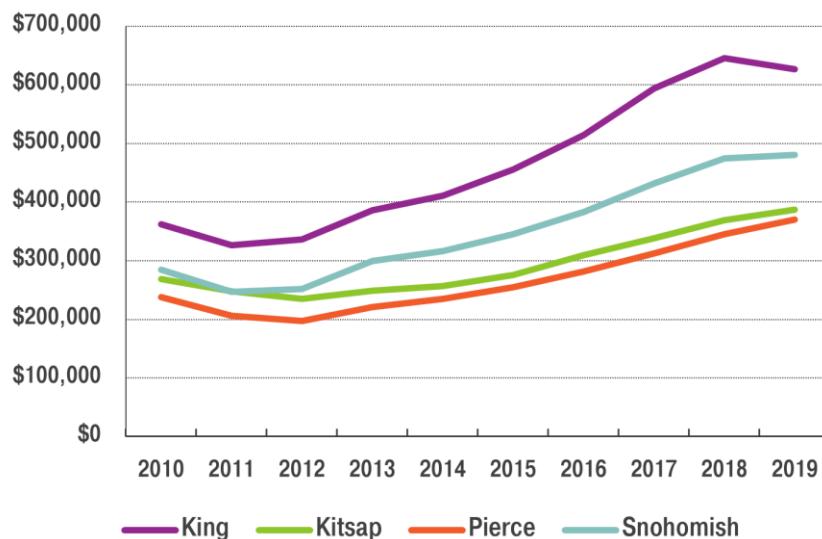
Affordability is critical to providing housing choices. This section discusses ownership and rental costs, unit availability and income restricted housing across housing submarkets.

5.1 OWNERSHIP HOUSING

The Case-Schiller Home Price Index shows the Seattle metro area, comprised of King, Pierce, and Snohomish counties, has led the nation in annual housing cost increases for the past five years.¹⁹ From 2012 to 2018, home prices climbed 67 percent. From 2016 to 2017, home prices in the Seattle metro area went up 10 percent, a rate of over \$5 every hour.²⁰ A household needs to earn \$145,000 annually (equivalent to a wage of \$70 per hour) to afford the median priced home in King County in 2018.

While all home prices are increasing, the price gap is widening among the counties, with King County home prices close to double the cost of homes in Kitsap and Pierce counties (Figure 44).

Figure 44: Median Home Value, 2010-2019

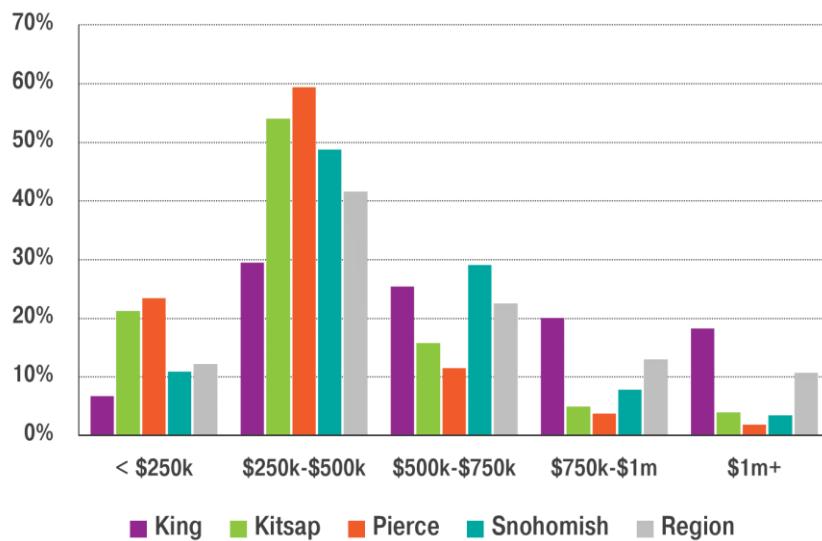


Source: Zillow

¹⁹ Case Schiller Home Price Index (2018). Available <https://us.spindices.com/index-family/real-estate/sp-corelogic-case-shiller>

²⁰ WCRER, 2017

Figure 45: Home Value, 2018



Source: American Community Survey 5-Year Estimates

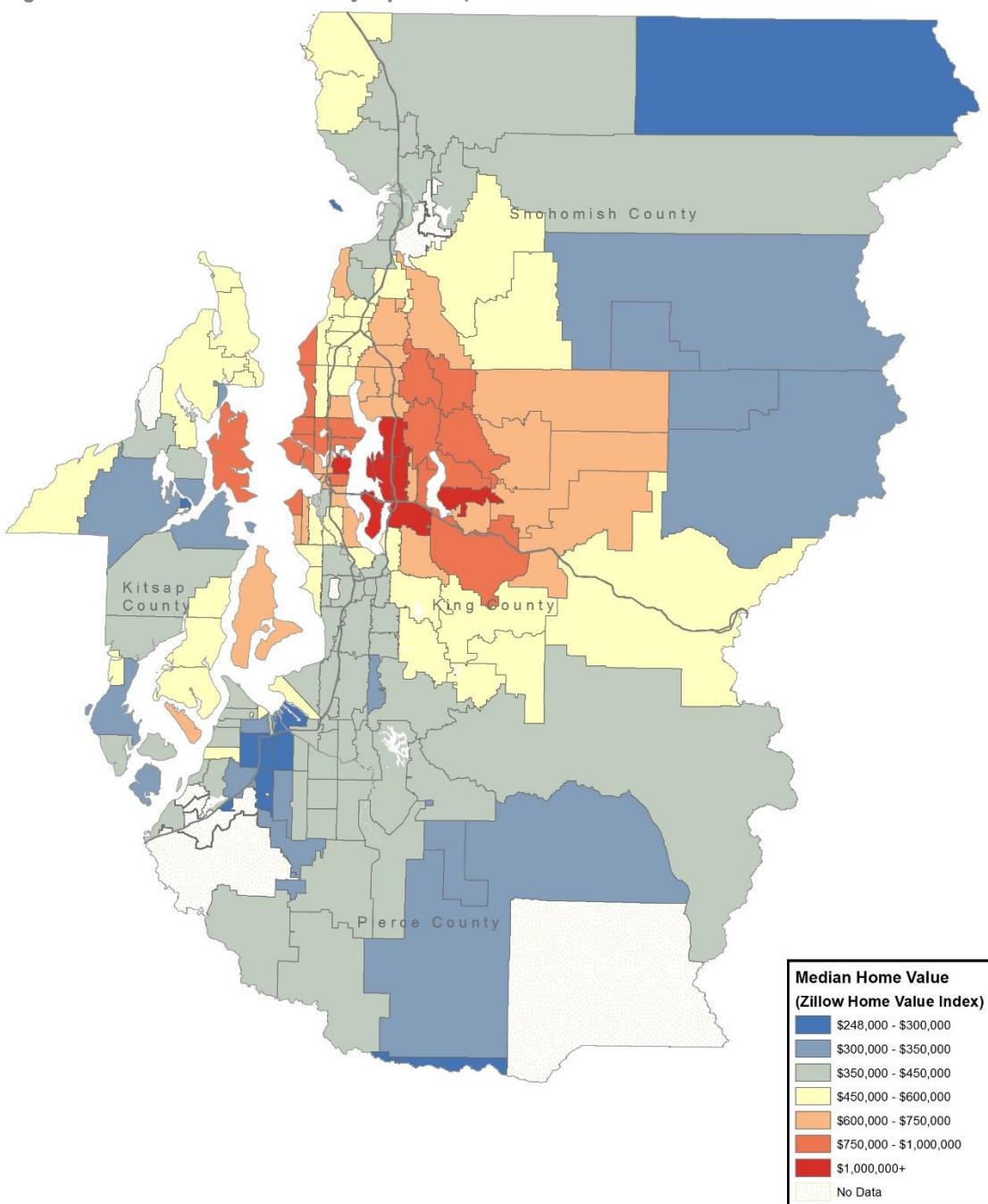
Assessing the distribution of home value across the region helps to underscore areas of greater and less affordability that may be masked by median home value. King County accounts for the lion's share of very expensive homes in the region –over 90,000 of the region's 106,000 homes valued at over \$1 million are located in King County. Nearly one in five homes in King County is valued at over \$1 million.

Pierce and Kitsap counties have the most homes under \$500,000. Snohomish County has fewer homes valued under \$300,000 but significant stock between \$300,000-750,000. Only 10 percent of King County's homes are under \$300,000.

Figure 45 shows home value²¹ by zip code area. The highest valued homes are concentrated in the inner neighborhoods and waterfront areas of Seattle, broadly across east King County, and Bainbridge Island. Areas with much lower average home values include much of Pierce County, Kitsap County, and in Snohomish County north from Everett.

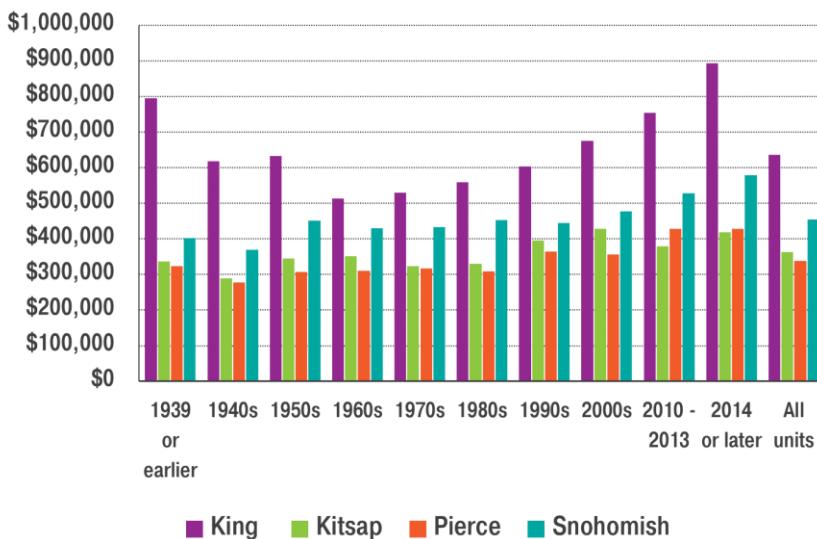
²¹ Map 3 shows Zillow Home Value Index (ZHVI): A smoothed, seasonally adjusted measure of the median estimated home value across a given region and housing type. It is a dollar-denominated [alternative to repeat-sales indices](#).

Figure 45: Median Home Value by Zip Code, 2020



Source: Zillow

Figure 46: Median Home Value by Year Built, 2018

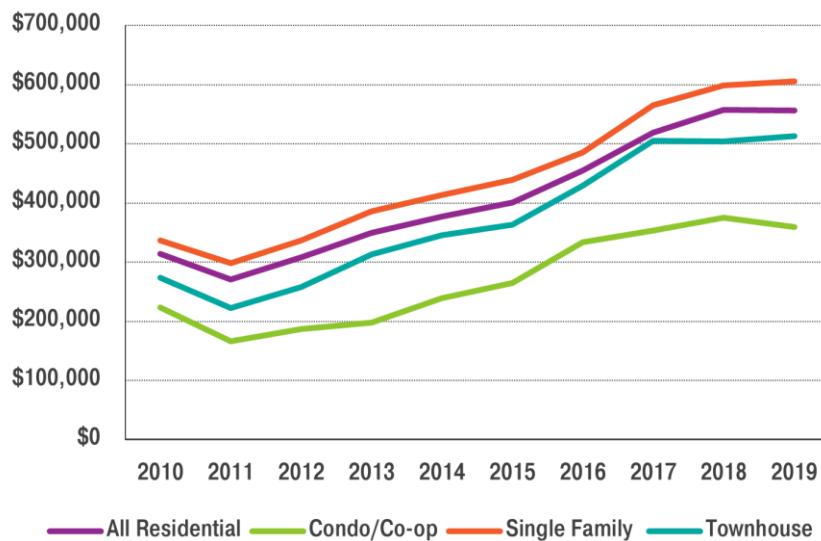


Source: American Community Survey 5-Year Estimates

Older homes, built in 1939 or earlier, also tend to be more expensive due to location – housing built prior to the World War II tends to be closer to historic job centers, public transit, and more dense urban neighborhoods with higher land values – as well as higher historic architectural value. The difference among counties is most pronounced in homes built before 1939 and after 2014. Homes built before 1939 are almost double in price in King County compared to the other counties. The median value of new homes, built in 2014 or later, is substantially higher than for units built before 2014.

Housing prices also vary by housing type. Sales data for the Seattle metro area by housing type shows that, on average, townhomes and condominiums cost less than detached single-family homes, as illustrated in Figure 47.

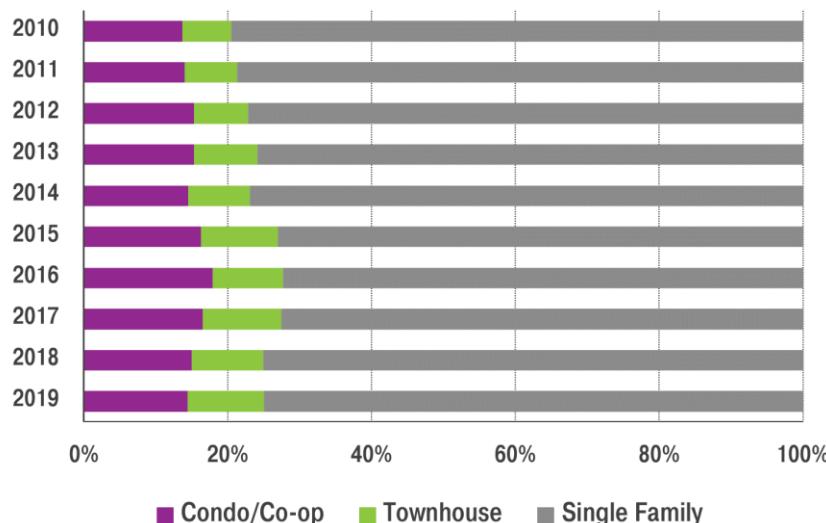
Figure 47: Median Sales Price, 2019



Source: Redfin

Condominiums and townhomes have traditionally served as entryways for first time homeowners. Figure 48 shows that while the inventory of townhomes and condominiums has grown slightly since 2010, single family homes represent the majority of the housing inventory.

Figure 48: Homes Sold by Unit Type, 2019



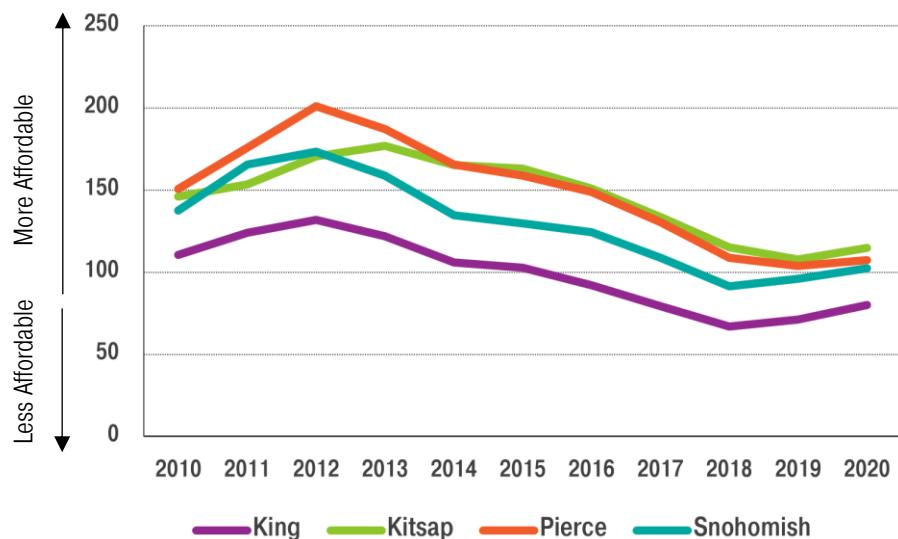
Source: Redfin

Home Ownership

Homeownership opportunities are becoming less accessible to middle- and lower-income households. The Washington Center for Real Estate Research maintains a Housing Affordability Index (HAI) to track, at the county-level, the affordability of the median priced single-family home for

the typical family earning median family income (HAMFI). An index of 100 indicates balance between income and home prices; higher scores on the index indicate greater affordability, and lower scores indicate less affordability. Quarterly indices indicate that affordability has been decreasing across all four counties. King County has been below the 100 threshold over the last two years, while the other three counties have remained at or above (Figure 49).

Figure 49: Housing Affordability Index, Q1 2010-2020

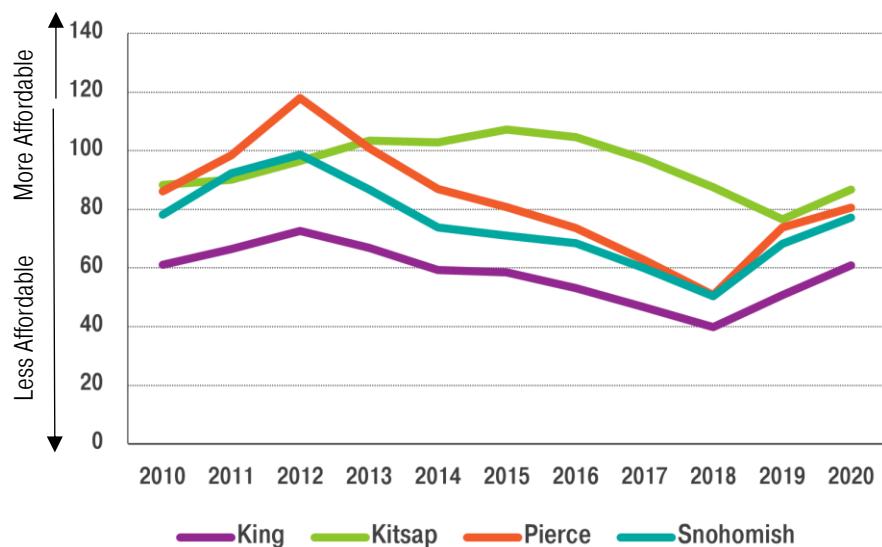


Source: Washington Center for Real Estate Research

The First Time Buyer Housing Affordability Index²² shows all four counties substantially below the “balance” threshold. The lower index numbers in Figure 50 highlight the increasing difficulty for prospective first-time buyers to own a home.

²² The first-time buyers index assumes a household earning 70percent of median household income, home at 85percent median price, lower down payment assumption and additional cost for mortgage insurance.

Figure 50: Housing Affordability Index - First Time Buyer, Q1 2010-2020



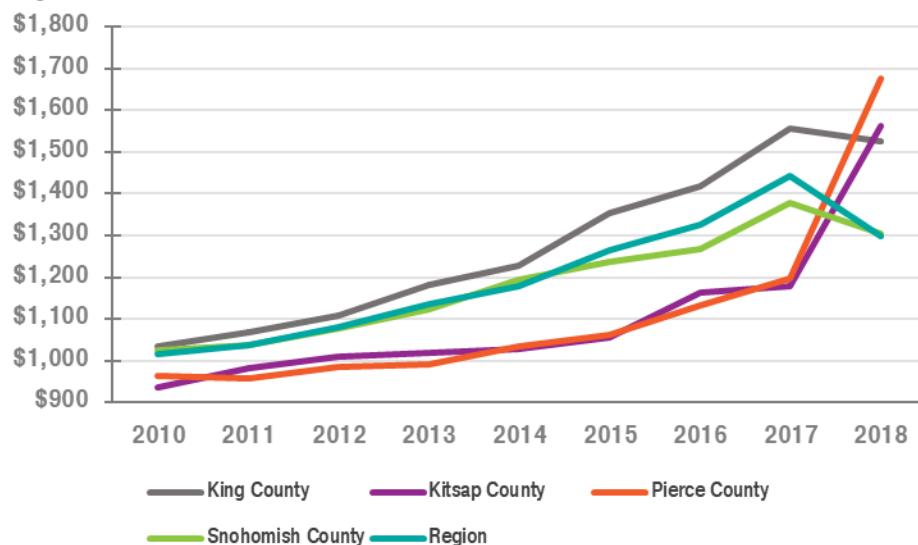
Source: Washington Center for Real Estate Research

5.2 RENTAL HOUSING

Similar to home ownership prices, rent²³ has also risen significantly since 2012. Rent varies significantly among the counties, with King County rents significantly higher than the other three counties. From 2010 to 2020, rents increased over 50 percent, with a 2-4 percent increase in each county from 2019 to 2020. Over the ten-year period, Snohomish County saw the largest increase in average asking rent (64 percent) and King County saw the smallest increase (46 percent). While median rents are increasing across the region, the rent gap is widening among the counties.

²³ Trends in rent can be assessed by looking at changes in median rent, the middle point in rent prices, indicating that 50 percent of rents are higher and lower than the median; or by the average which takes the total rent divided by the number of units. The average rent can be skewed by relatively few units with very high or low rents. This analysis uses both metrics because different rental data sources use median and average rent. Note that the median and average rent cannot be used interchangeably.

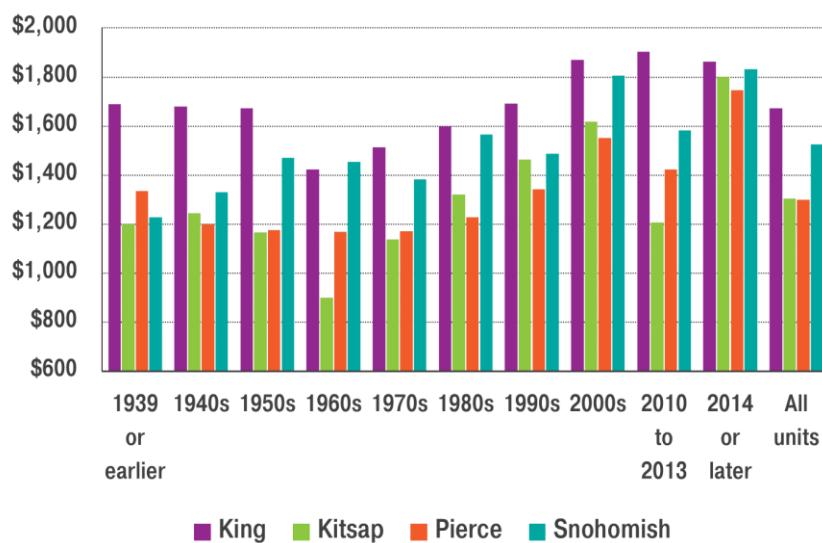
Figure 51: Median Gross Rent, 2010-2018



Source: American Community Survey 5-Year Estimates

While there is limited data, the impacts of the COVID-19 pandemic are reflected in more recent rental data. Average rent decreased less than 1 percent from 2019 to 2020 in King, Kitsap, Snohomish, and average rent is up a little over 3 percent in Pierce County.

Figure 52: Median Gross Rent by Year Built, 2018

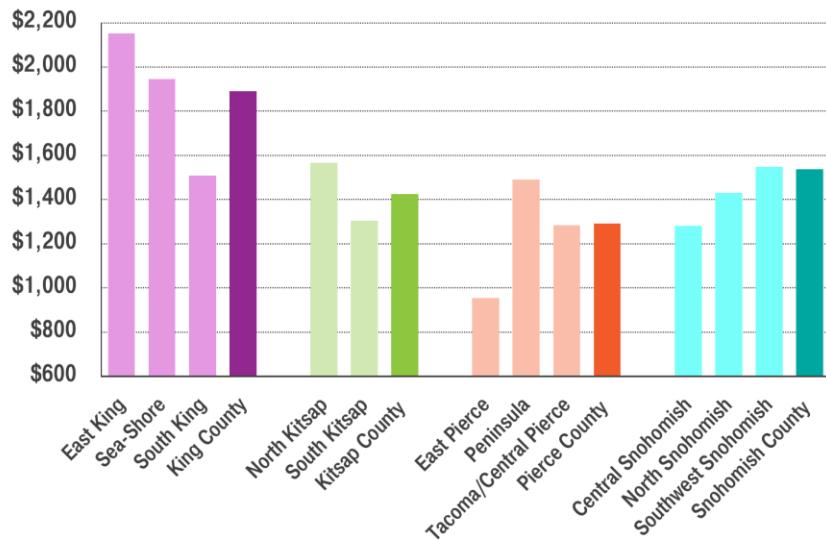


Source: American Community Survey 5-Year Estimates

Older (pre-1940's) and newer (after 2000) units tend to rent for more due to location – housing built prior to WWII tends to be closer to historic job centers, public transit, and more dense urban neighborhoods with higher land values. The difference among rents by county is less pronounced

than home value. However, rents in older units tend to be more expensive in King County. Rents are most consistent among the counties in structures built after 2014.

Figure 53: Average Asking Rent by Subarea, Q1 2020



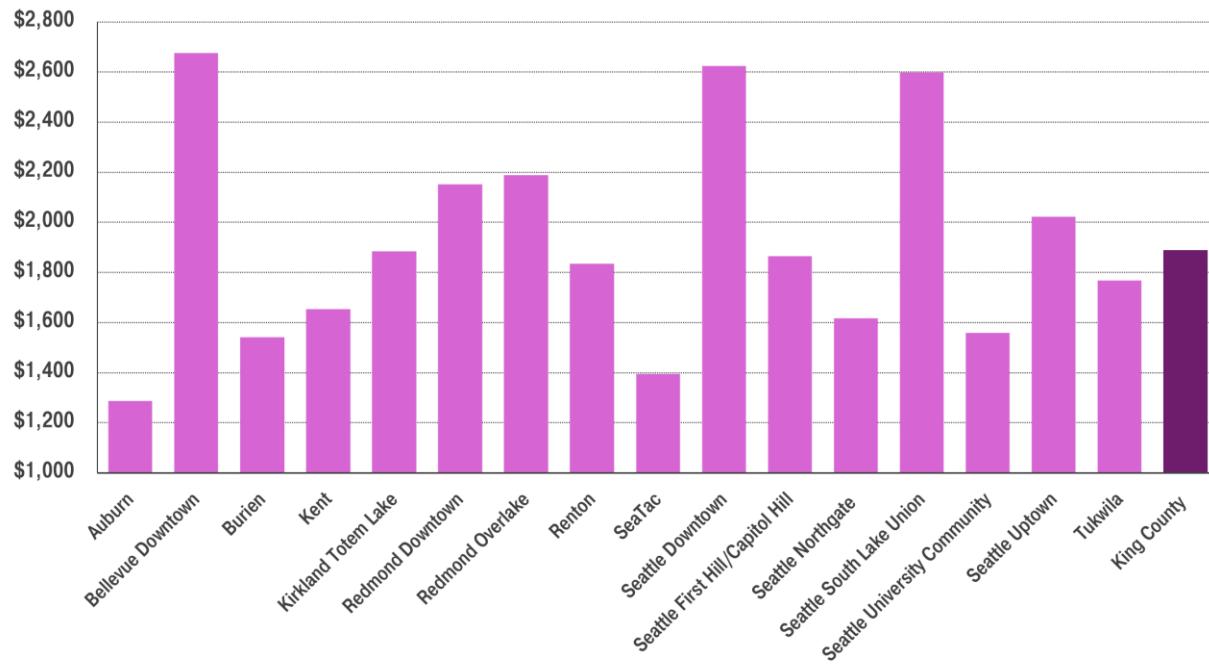
Source: CoStar

Average rent by subarea shows some variation masked when average rent is rolled up at the county level. It also helps to identify areas with a greater stock of existing naturally-occurring affordable housing. Rents in East King are nearly 15 percent higher than the county as a whole, while on average rents in South King are close to 20 percent lower than the county average. In Pierce County, rents in the Peninsula subarea are over 15 percent more than the county. Average rents in Central Snohomish are over 15 percent less than the countywide average.

Rent in Regional Growth Centers

Market rate rents within Regional Growth Centers²⁴, overall, are higher than the regional average. However, there is great variability in rents among centers as shown in Figures 54-57.

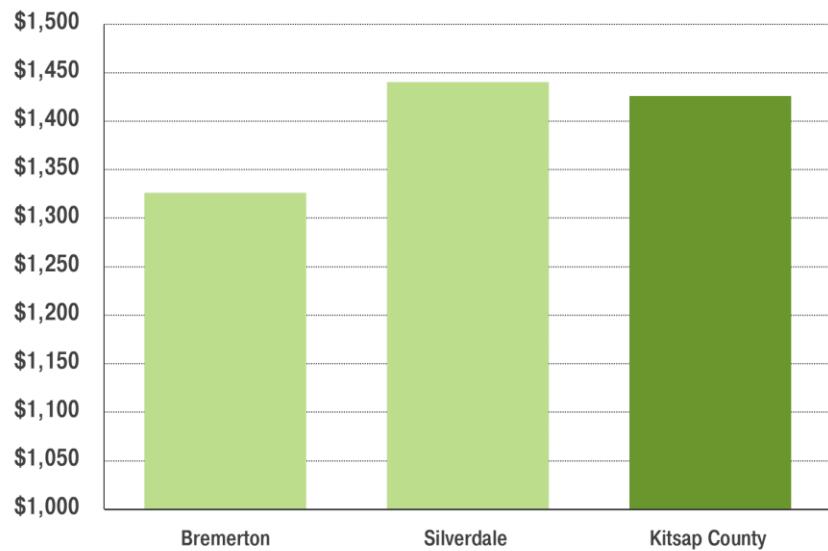
Figure 54: Average Asking Rent in King County Regional Growth Centers, Q1 2020



Source: CoStar

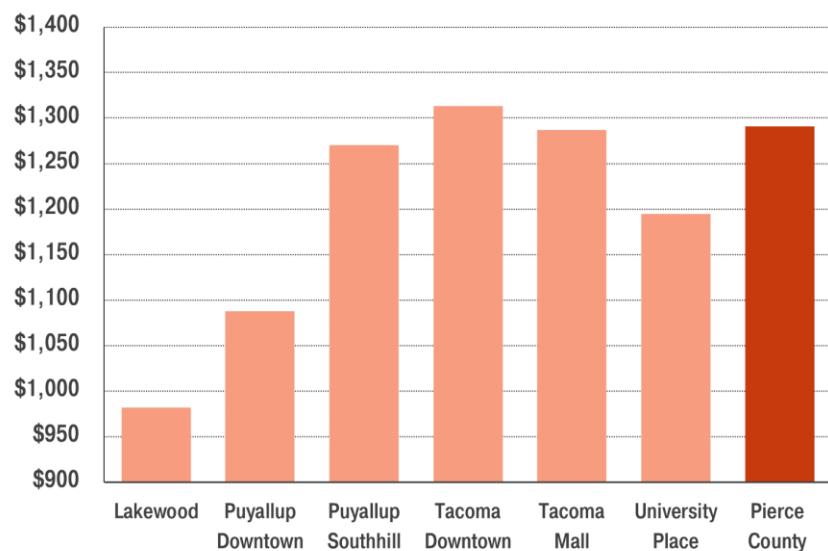
²⁴Regional Growth Centers are regionally designated places characterized by compact, pedestrian-oriented development, with a mix of uses. While relatively small geographically, centers are strategic places to receive a significant proportion of future population and employment growth.

Figure 55: Average Asking Rent in Kitsap County Regional Growth Centers, Q1 2020



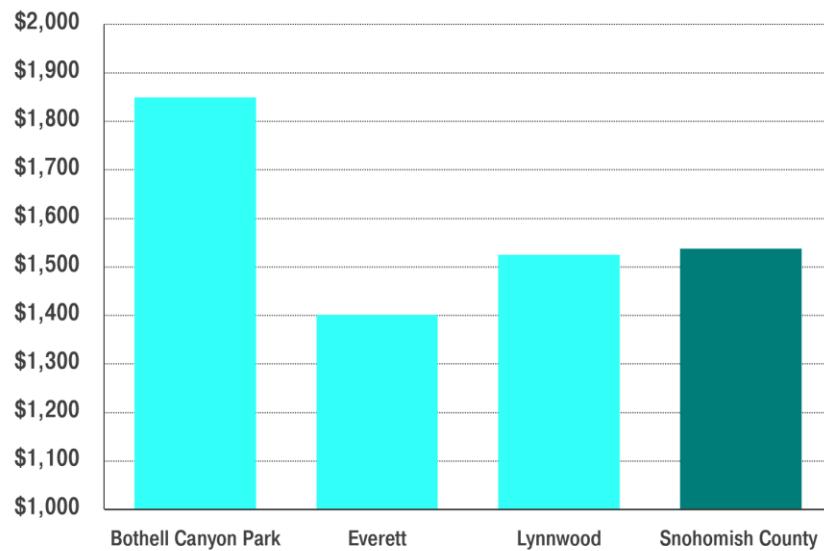
Source: CoStar

Figure 56: Average Asking Rent in Pierce County Regional Growth Centers, Q1 2020



Source: CoStar

Figure 57: Average Asking Rent in Snohomish County Regional Growth Centers, Q1 2020



Source: CoStar

Centers in Seattle, Bellevue, and Redmond, all of which have seen significant new multifamily development, have the highest average rents²⁵, pushing above \$2,000 in some locations. These centers are also in close proximity to job centers. At the lower end are centers which contain some of the region's more affordable market rate housing, typically in older buildings.

Rent in High Capacity Transit Areas

Similar to regional growth centers, there is significant variability in rents in other areas served by high capacity transit²⁶ as shown in Figure 58.

²⁵ Average asking rent for multifamily rental units in building with 5+ units.

²⁶ A select set of transit station areas were selected for this analysis based on the availability of CoStar market rate rental data.

Figure 58: Average Asking Rent in High Capacity Transit Areas, Q1 2020

County	Station Area	Mode	Status	Average Rent	Comparison to County Avg Rent
King	Kirkland Transit Center	BRT	Online	\$1,866	-1%
	Kenmore P&R	BRT	Future	\$1,540	-23%
	Angle Lake	Light Rail	Future	\$1,452	-30%
	Roosevelt	Light Rail	Planned	\$1,782	-6%
	Tukwila International Blvd	Light Rail	Online	\$1,285	-47%
	Beacon Hill	Light Rail	Online	\$1,328	-42%
	Othello	Light Rail	Online	\$1,801	-5%
	Bel-Red/130th	Light Rail	Future	\$1,696	-11%
	NE 185th	Light Rail	Future	\$1,576	-20%
	Mercer Island	Light Rail	Future	\$2,378	21%
Kitsap	Bainbridge Ferry Terminal	Ferry	Online	\$2,397	41%
Pierce	Fife	Light Rail	Future	\$1,239	-4%
	South Tacoma	Commuter Rail	Online	\$609	-112%
	SR 7/38th	BRT	Future	\$877	-47%
	SR 7/122nd	BRT	Future	\$1,074	-20%
Snohomish	SR 527/153rd St SE	BRT	Online	\$1,921	20%
	SR 99/216th	BRT	Online	\$1,175	-31%
	Edmonds	Ferry	Online	\$1,531	0%
	Mountlake Terrace	Light Rail	Future	\$1,797	14%
	Ash Way	Light Rail	Future	\$1,775	13%
	Mariner	Light Rail	Future	\$1,457	-5%

Source: CoStar

Many station areas have average rents below the county average – especially true for many station areas further from job centers and/or with future transit several years out and limited existing transit access. These areas may present opportunities to preserve the existing naturally occurring affordable housing as the local market heats up as transit service and other investment moves forward.

Affordable Housing²⁷ is commonly defined as housing costs not exceeding 30 percent of household income. Paying more than 30 percent of income on housing costs reduces a household's budget available for other basic necessities.

With increasing incomes and a surge in demand for housing, the region is experiencing an affordability crisis not seen since the World War II.²⁸ Many middle and lower income households struggle to find housing that fits their income in an increasingly competitive and expensive housing market. As affordable housing options become scarce, households are forced to move farther from their jobs and communities, resulting in increased traffic congestion, and fragmentation of communities.

Many types of households struggle with housing costs

3 person HH earning 30% AMI



- > Full-time worker earning \$12/hr
- > Cashier earning \$25,401
- > Home health aid earning \$25,864

2 person HH earning 50% AMI



- > Full-time worker earning \$16/hr
- > Teacher earning \$37,447
- > Restaurant cook earning \$30,281

4 person HH earning 80% AMI



- > Two full-time workers each earning \$33/hr or one full-time worker earning \$17/hr
- > Accountant earning \$69,940
- > Office clerk earning \$37,566 and a security guard earning \$32,427

Courtesy: Community Attributes, King County Regional Affordable Housing Task Force
Source: King and Snohomish Counties, WA ESD, 2017

5.3 HOUSING AND TRANSPORTATION

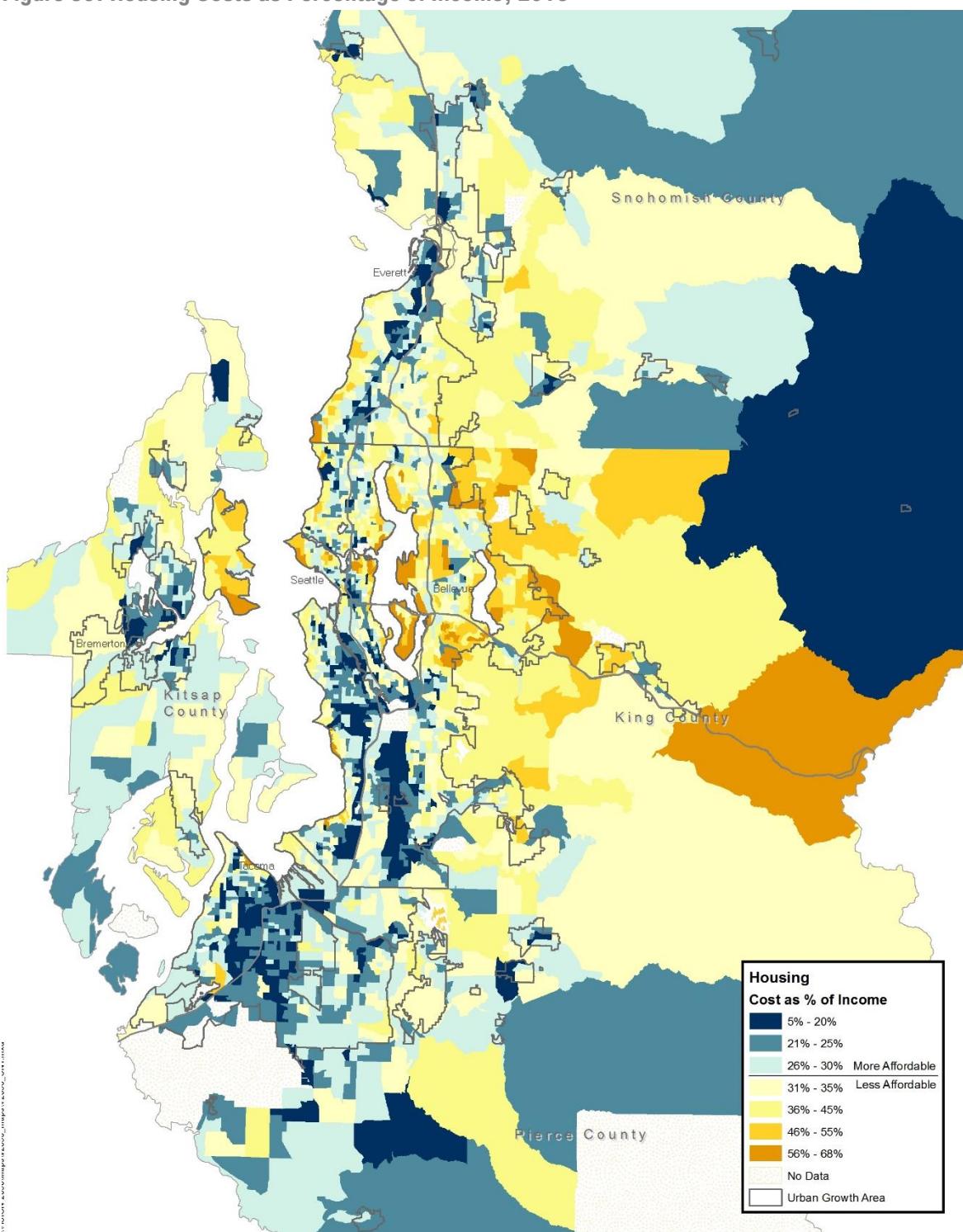
Since 1984, the Bureau of Labor Statistics has reported that transportation costs are the second largest expense for households after housing.²⁹ A more complete understanding of household cost burden looks at housing and transportation costs together. A household is considered cost burdened if their combined housing and transportation costs exceed 50 percent of their income. Factoring in the recommended 30 percent of income spent on housing, the formula allows for 15 Percent of a household's income to be spent on transportation costs. Figure 59 shows areas that are more affordable for a household earning the area median income when only looking at housing costs. Figure 60 shows areas that are more and less affordable for a household earning AMI when looking at both housing and transportation costs.

²⁷ This analysis refers to "affordable housing" as any housing that meet the threshold of not exceeding 30 percent of a household's income. Housing that is deemed affordable because of subsidies or income/rent restrictions is expressly noted.

²⁸ City of Seattle. (2015) Housing Affordability and Livability Agenda. Available at http://murray.seattle.gov/wp-content/uploads/2015/07/HALA_Report_2015.pdf

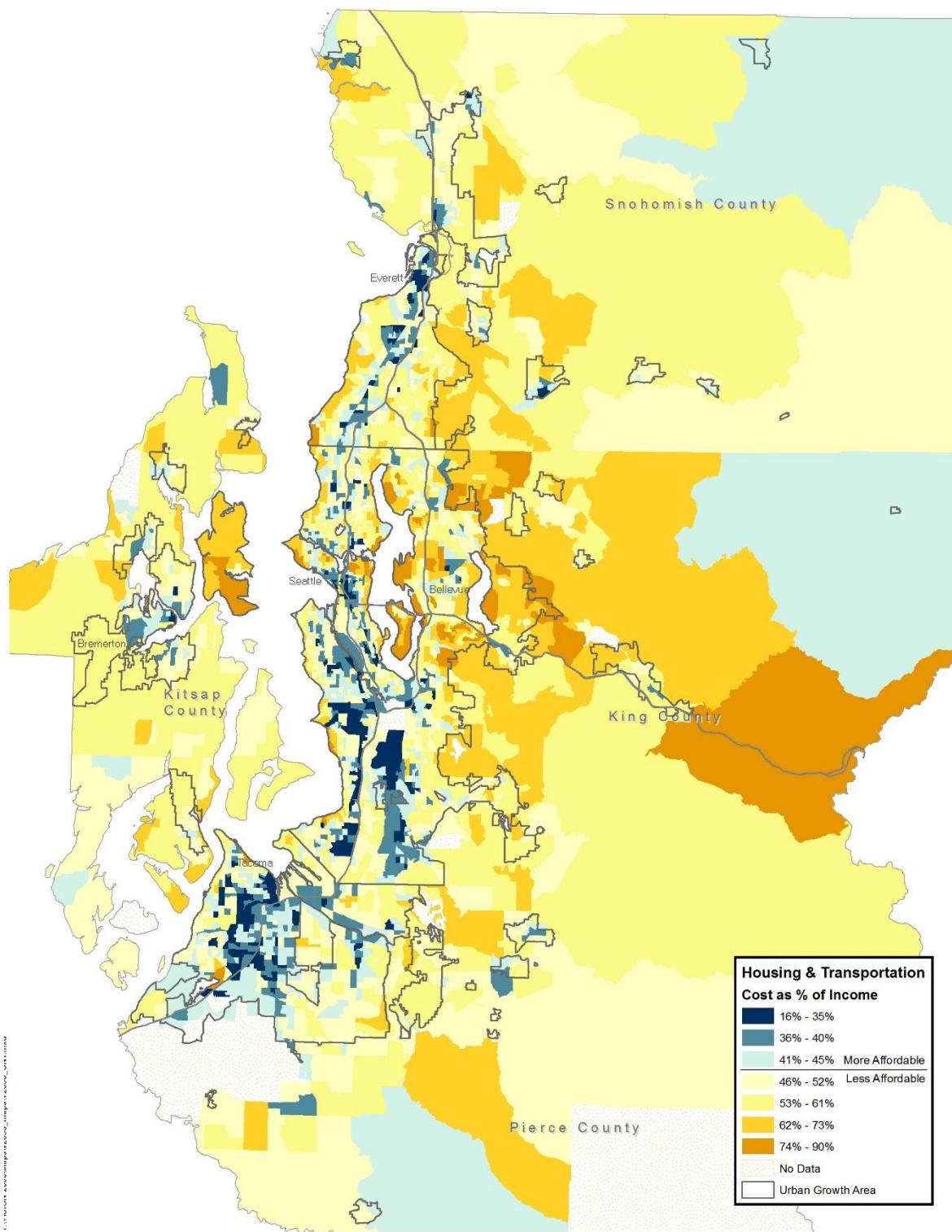
²⁹ Bernstein, Scott, Carrie Makarewicz, and Kevin McCarty. (2005) *Driven to Spend*. Available at: http://www.busadvocates.org/articles/householdcosts/Driven_to_Spend_Report.pdf

Figure 59: Housing Costs as Percentage of Income, 2016



Source: Center for Neighborhood Technology

Figure 60: Housing and Transportation Costs as Percentage of Income, 2016



Source: Center for Neighborhood Technology

For the central Puget Sound region, the typical household spends 50 percent of its income on transportation and housing. Housing accounts for 31 percent of these expenses with the remaining 19 percent attributed to transportation costs.³⁰ This far exceeds the suggested 45 percent of income criterion and demonstrates that many households in the region are cost burdened not only by housing costs, but also by transportation.

Housing and transportation costs are generally lower along the I-5 corridor, in areas well-served by transit, and in sections of south King County, Tacoma, and areas of western Pierce County. Costs are higher in east King County, Bainbridge Island, and more rural areas farther from major transportation corridors.

As housing costs rise, many households are forced to move to less expensive housing that is often farther from jobs, services, and their established communities. Thus, while moving farther afield may lower housing costs, the added transportation costs (fuel, time, need for additional vehicles, etc.) may not lower costs overall. Several participants of focus groups noted that the cost of maintaining their vehicle is an added expense to their cost of living and increases the wear and tear on their car overall.

There are other costs associated with long commute times that are not only monetary. Many participants of focus groups cited long travel times between their jobs and other destinations as costing them time to spend with family, loss of connection with their community, and associated impacts to their physical and mental health.

"There's a physical strain on your body from the lack of exercise, the stagnant time we spend commuting."

"It costs your sanity if you don't have those ways to destress."

5.4 HOUSING AVAILABILITY

It is important to consider that market-rate rental units affordable at or below a given income threshold can be occupied by households with incomes higher than that threshold.

Understanding whether rental housing is affordable to renters requires finding out if housing units affordable to households with incomes at or below the 30 percent, 50 percent, and 80 percent of AMI thresholds are actually available to households with incomes at or below these thresholds.

³⁰ Center for Neighborhood Technology. (2017) *H+T Fact Sheet MPO: Puget Sound Regional Council*. Available at: (<http://htaindex.cnt.org/fact-sheets/?lat=47.6062095&lng=-122.3320708&focus=mpo&gid=172#fs>)

Overall, there are substantial shortfalls in both total affordable units as well as available units in all three AMI categories in all four counties. These findings can also be expressed in ratios. For example, for every 100 renter households who have incomes at or below 80 percent of AMI, there are 74 affordable units. However, 31 of these affordable units are occupied by households with incomes above 80 percent of AMI. Thus, for every 100 renter households with incomes at or below 80 percent of AMI, there are estimated to be only 43 rental units that are affordable and available.

Figure 61: Rental Units Affordable and Available to Households Below 80percent AMI, 2018



Source: American Community Survey Public Use Microdata Sample

5.5 INCOME RESTRICTED HOUSING

Homes provided by the private market are an integral part of housing in the region. However, the private market alone cannot provide housing for all residents. Income restricted units (often also referred to as subsidized units) – made possible with federal, state, and local funding and incentives that ensure long-term rent or income restrictions – provide affordable housing that the private market cannot. Rent restrictions are typically set at 30 percent of the household's income, meaning that, ideally, no one living in a subsidized unit is cost burdened. Income restricted units are typically targeted to meet the needs of low and very low-income households as well as who need specific services.

There are income restricted units located throughout the region, with the majority concentrated in the region's five Metropolitan cities: Seattle, Bellevue, Tacoma, Everett, and Bremerton.

As summarized in Figure 62, a recent regional inventory of income restricted units tallied over 83,000 units across the four counties. The majority of income restricted units (70 percent) are located in King County. Nearly all (99 percent) of units are affordable to households earning less

than 80 percent AMI. About half of all income restricted units in each county are targeted at households earning 51-80 percent AMI. Slightly less than one-quarter of units (23 percent) are affordable to households earning less than 30 percent AMI. There is greater variation in the number of these units with King County, accounting for 27 percent of its inventory and 8 percent of Snohomish County's total inventory.

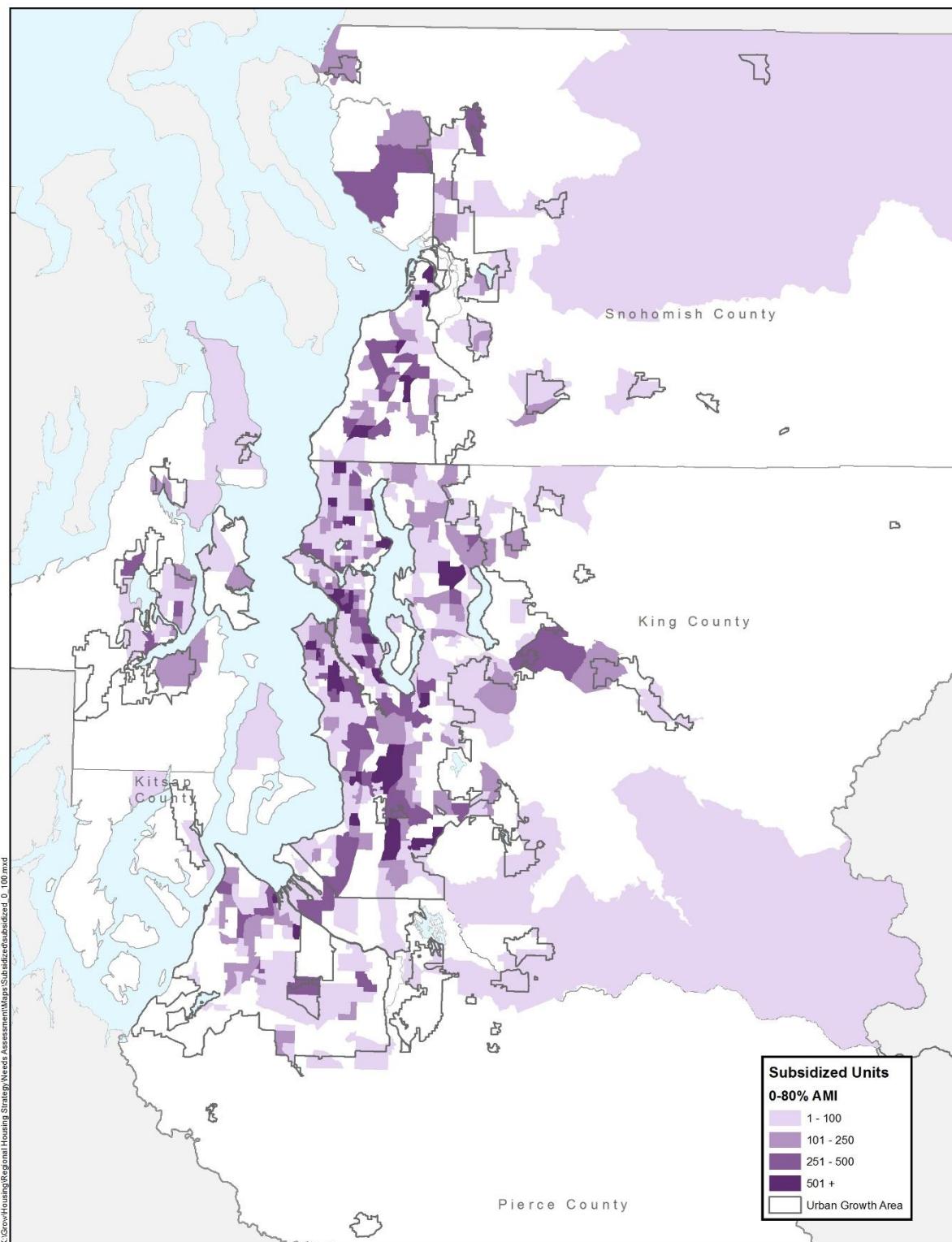
The majority (62 percent) of income restricted units are studios or one-bedroom units. Two- and three-bedroom units account for nearly half of all units in Kitsap, Pierce, and Snohomish County. There is an extremely limited supply (3 percent) of 4 or more-bedroom units. Figure 63 shows the number of income restricted units affordable to households earning less than 80 percent AMI by census tract.

Figure 62: Regional Income Restricted Housing Inventory, 2020

	King County	Kitsap County	Pierce County	Snohomish County	Region
Total Units	58,392	3,065	9,249	12,805	83,511
Total Units Affordable to HH Earning Less than 30% AMI	15,765	443	1,722	970	18,900
Total Units Affordable to HH Earning 31%-50% AMI	11,927	975	3,050	3,590	19,542
Total Units Affordable to HH Earning 51%-80% AMI	29,990	1,647	4,476	8,245	44,358
Total Units Affordable to HH Earning 81%-100% AMI	710	0	1	0	711
Total Studio and 1 Bedrooms	38,239	1,747	5,556	6,139	51,681
Total 2 and 3 Bedrooms	22,152	1,795	3,959	7,132	35,038
Total 4 Bedrooms or More	1,586	58	97	789	2,530

Source: PSRC Regional Income Restricted Housing Database

Figure 63: Income Restricted Housing Units 0-80percent AMI by Census Tract, 2020



Source: PSRC Regional Income Restricted Housing Database

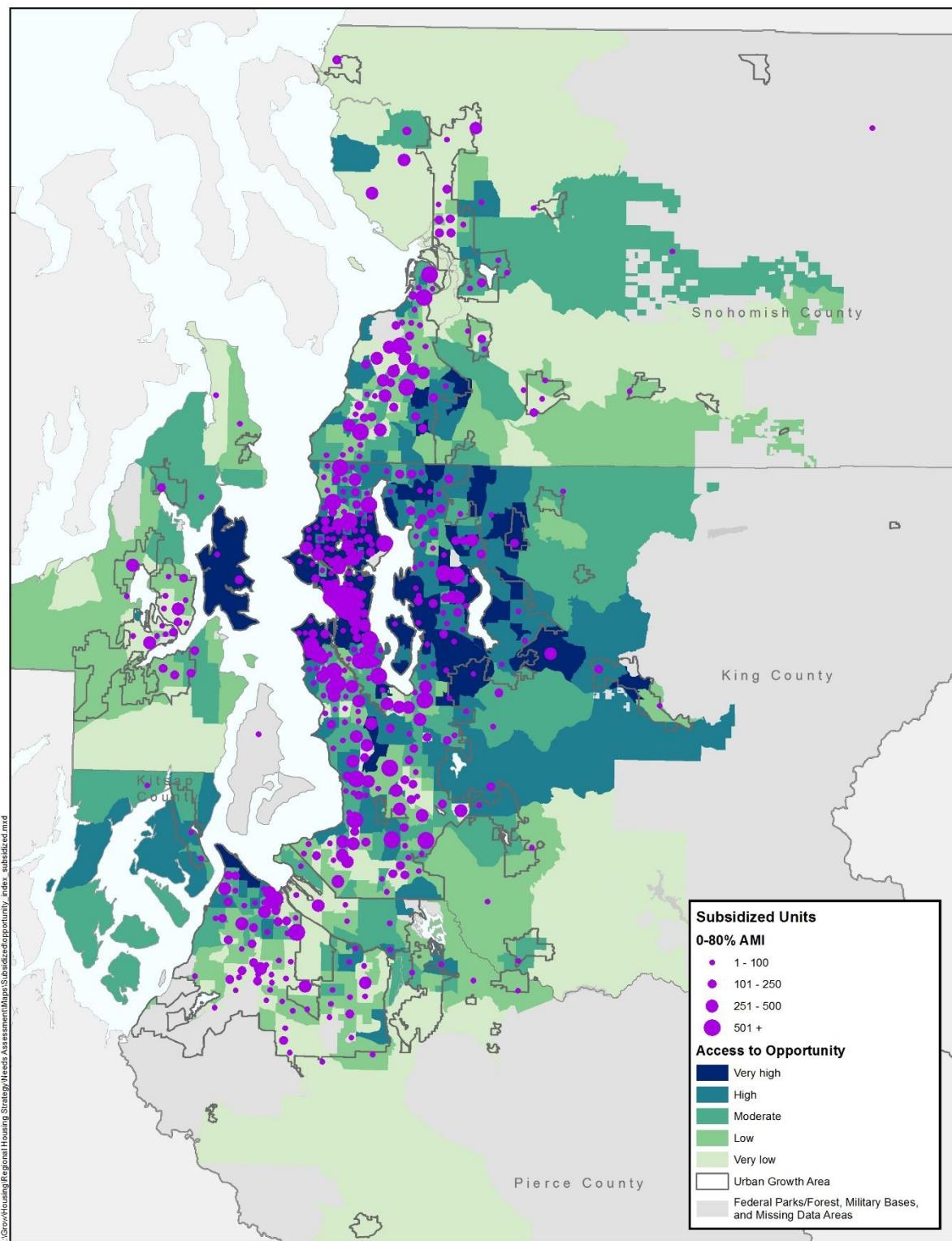
In addition to looking at the total number and geographic distribution of income restricted units, this needs assessment considers the location of units in relation to access to opportunity and communities at higher risk of displacement. Neighborhoods matter for the well-being of families. Moving from lower-opportunity neighborhoods to higher-opportunity neighborhoods has been shown³¹ to improve later-life outcomes for children whose families move and may reduce the intergenerational persistence of poverty. PSRC's [Opportunity Mapping](#) shows access to opportunity based on an index of neighborhood characteristics and positive life outcomes. The index includes education, economic health, housing and neighborhood quality, mobility and transportation, and health and environment. Figure 64 shows the location of income restricted units overlaid on the Opportunity Mapping.

However, it is important to acknowledge that there are many reasons people choose the location of their housing. While focus group participants shared the importance of living near jobs, health care, and other components used in the opportunity index, being close to their community and having culturally relevant resources, such as an availability of Mexican food at the grocery store or access to a hairdresser, are also important.

There are larger concentrations of income restricted units in lower opportunity areas including south King County, central Pierce County, and north Snohomish County. There are little to no subsidized units in some higher opportunity areas, specifically southwest Snohomish County, east King County, and Bainbridge Island.

³¹ Opportunity Insights, 2019, <https://opportunityinsights.org/neighborhoods/>

Figure 64: Income Restricted Housing Units 0-80percent AMI and Access to Opportunity, 2020

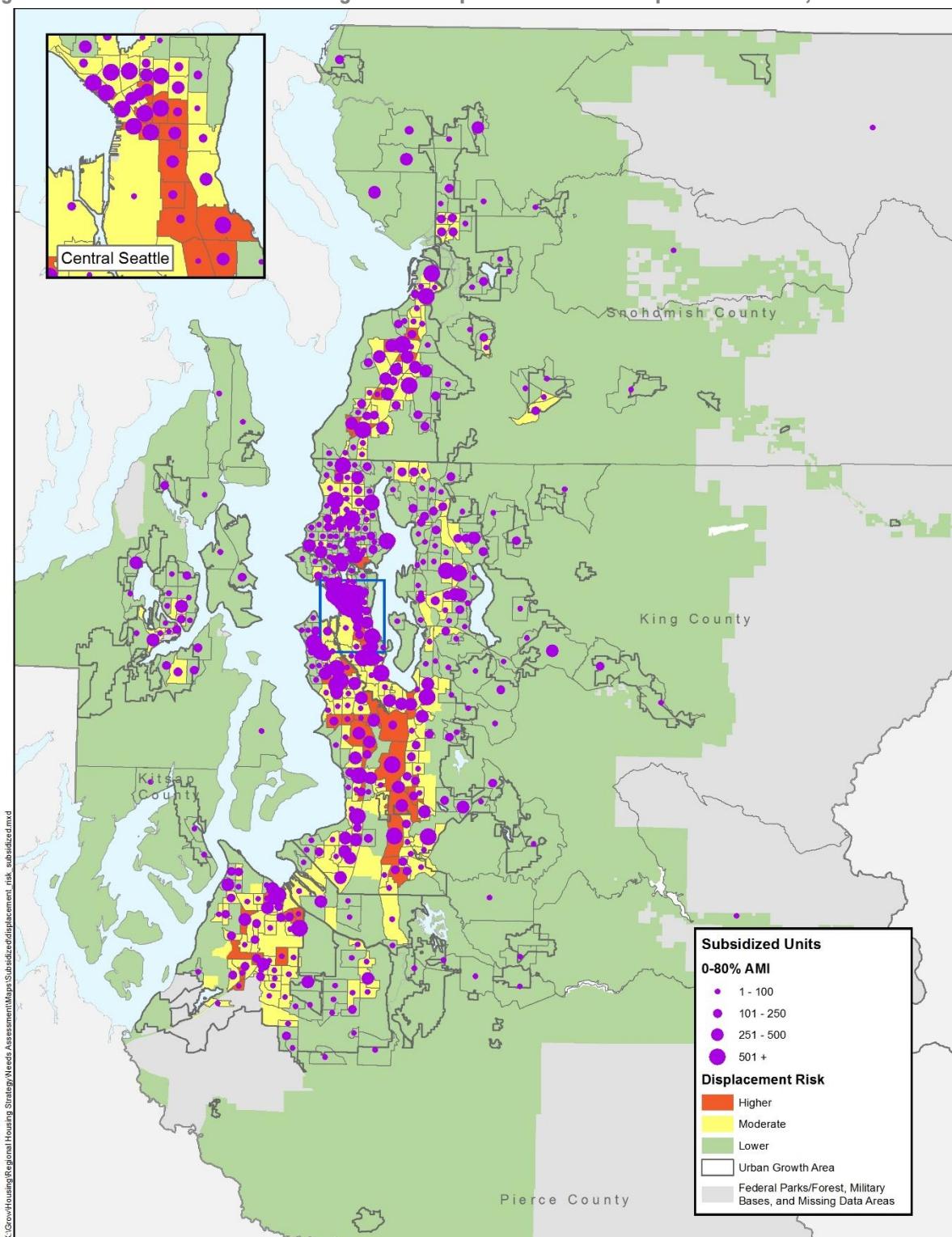


Source: PSRC Regional Income Restricted Housing Database

Figure 65 shows the income restricted units overlaid on PSRC's [Displacement Risk Mapping](#), a tool used to identify what neighborhoods in the region are at higher risk of displacement so policy makers can prevent it from happening in the future. Displacement risk is a composite of indicators representing five elements of neighborhood displacement risks: socio-demographics, transportation qualities, neighborhood characteristics, housing, and civic engagement.

Overall, there are larger concentrations of income restricted units in areas of moderate to high risk of displacement than in areas at lower risk of displacement. These income restricted units are critical to ensure affordable housing options are available so that long-term residents can continue to live in these communities and new residents of all incomes have housing options. The need for long-term income restricted units in moderate and high-risk areas will only increase as public investments, such as the expansion of light rail and bus rapid transit continue into Pierce and Snohomish counties, and high home prices in central places in close proximity to jobs push residents farther from jobs, services, and cultural connections.

Figure 65: Income Restricted Housing Units 0-80percent AMI and Displacement Risk, 2020



Source: PSRC Regional Income Restricted Housing Database

Many participants of focus groups are residents of income restricted units. Participants shared that in addition to the limited supply of these units, there are other downfalls of the current supply of these units. These shortcomings mean that residents may not feel connected to the place they live and do not consider it home. Restrictions such as having guests and visitors and making cosmetic changes to units were seen as degrading.

"It's degrading. You can't call it home. It's not a home."

"They control what color you can paint your walls, who can be there. There's a lack of investment when you don't feel ownership over your space."

"With families, someone gets into affordable housing, and they have a relative that's on the brink, so they bring that person in, and some programs have restrictions around that. That puts the whole family at risk of losing their housing."

Additionally, participants noted the role that income and employment restrictions, and lack of other housing options, has in keeping them in income restricted units and not moving on to the private market. Particularly given the upfront costs of moving into long-term housing, participants raised concern about the income limits within most affordable housing and childcare assistance programs that excludes them as soon as they begin to get back on their feet.

"It's almost like you're meant to stay at a certain income level and not exceed that, like they don't want you to thrive. Do I survive? Or do I overwork myself to thrive? And what happens to your children in that process, in either choice."

While many income restricted units provide long-term rent or income restrictions, many do expire after a set period of time. This expiration creates instability in neighborhoods where long term residents may no longer be able to afford new rental pricing.

"Or it's only affordable for a period of time, and then it's for the regular going price, so no longer affordable."

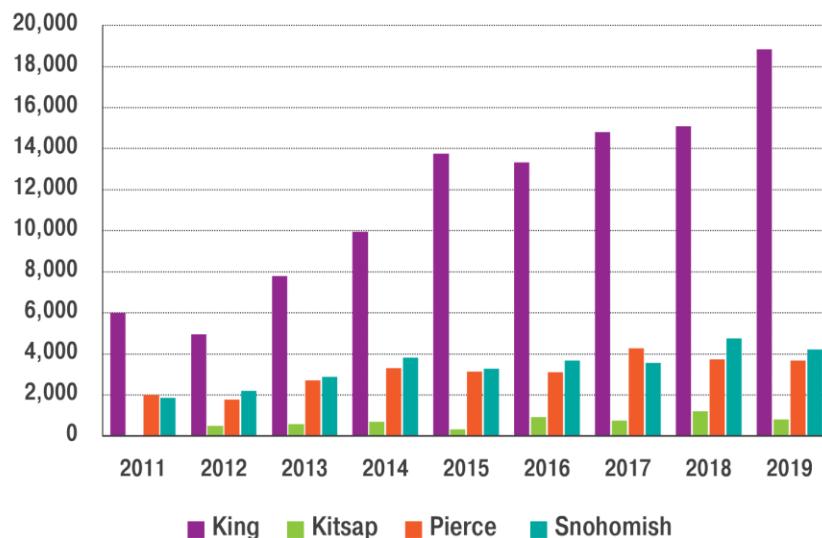
6 HOUSING MARKET TRENDS

This section describes recent trends in housing development across the region, including trends in areas planned for significant growth in regional growth centers and near high-capacity transit.

6.1 HOUSING PRODUCTION

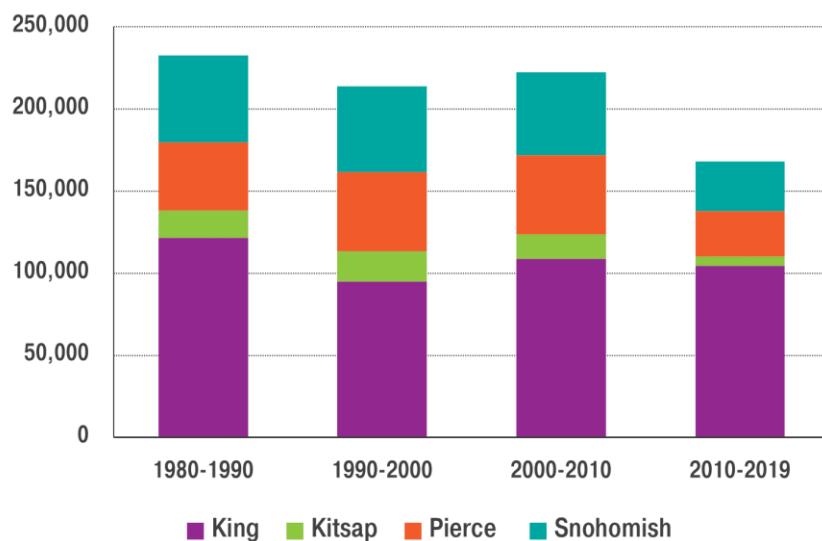
Annual housing production has increased markedly since the Great Recession, with King County developing nearly 99,000 units since 2011. The most recent housing production data, 2010-2019, is not a ten-year period, and thus not directly comparable with past decades. However, given annual housing production averaged about 20,000 units, it is unlikely that annual housing production from 2019-2020 will fill the gap to bring decennial housing production in line with the historic trend for past decades.

Figure 66: Annual Housing Production, 2011-2019



Source: WA State Office of Financial Management

Figure 67: Decennial Housing Production, 1980-2019



Source: WA State Office of Financial Management

Availability and cost of suitable zoned land and market forces impacting the construction industry make development of moderately priced housing difficult. Many local land use regulations favor lower density development, and the construction industry is employing about 20 percent fewer people than in 2007.³²

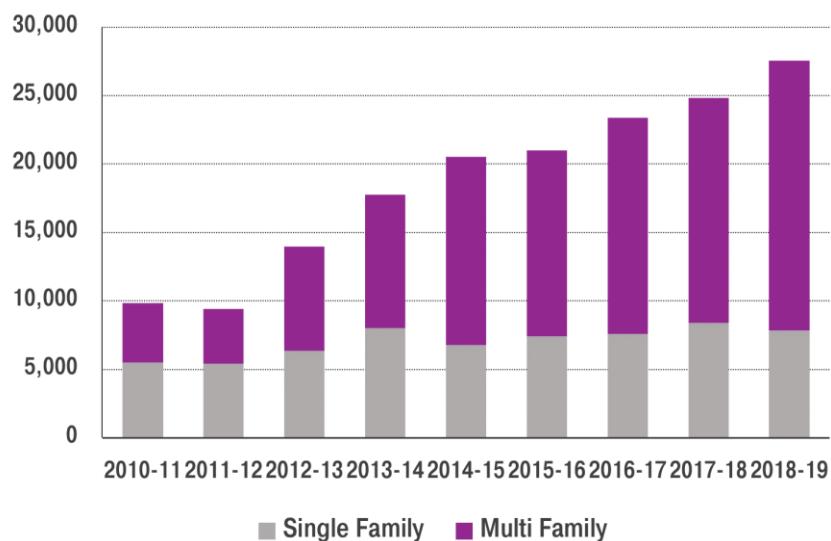
Overall, annual housing production has picked up in recent years, with the bulk of new housing units being constructed in King County. Pierce County saw an uptick in housing construction in 2017, compared to Kitsap and Snohomish counties.

Construction of multifamily units has risen substantially and now accounts for about two-thirds of all housing construction in the region, a historic break from past trends where construction was dominated by single-family units. In 2019 the majority of new units in King County (84 percent) are multifamily, while only 15 percent of new units in Kitsap County are multifamily. Snohomish County saw a large uptick in multifamily development this decade, with multifamily units accounting for 13 percent of housing production in 2010 and 55 percent of new units in 2019.

Adding multifamily units helps to diversify the housing stock and provide more affordable options. However, while a surge in construction of apartments has helped to meet growing housing demand, as rentals, they often do not offer ownership opportunities.

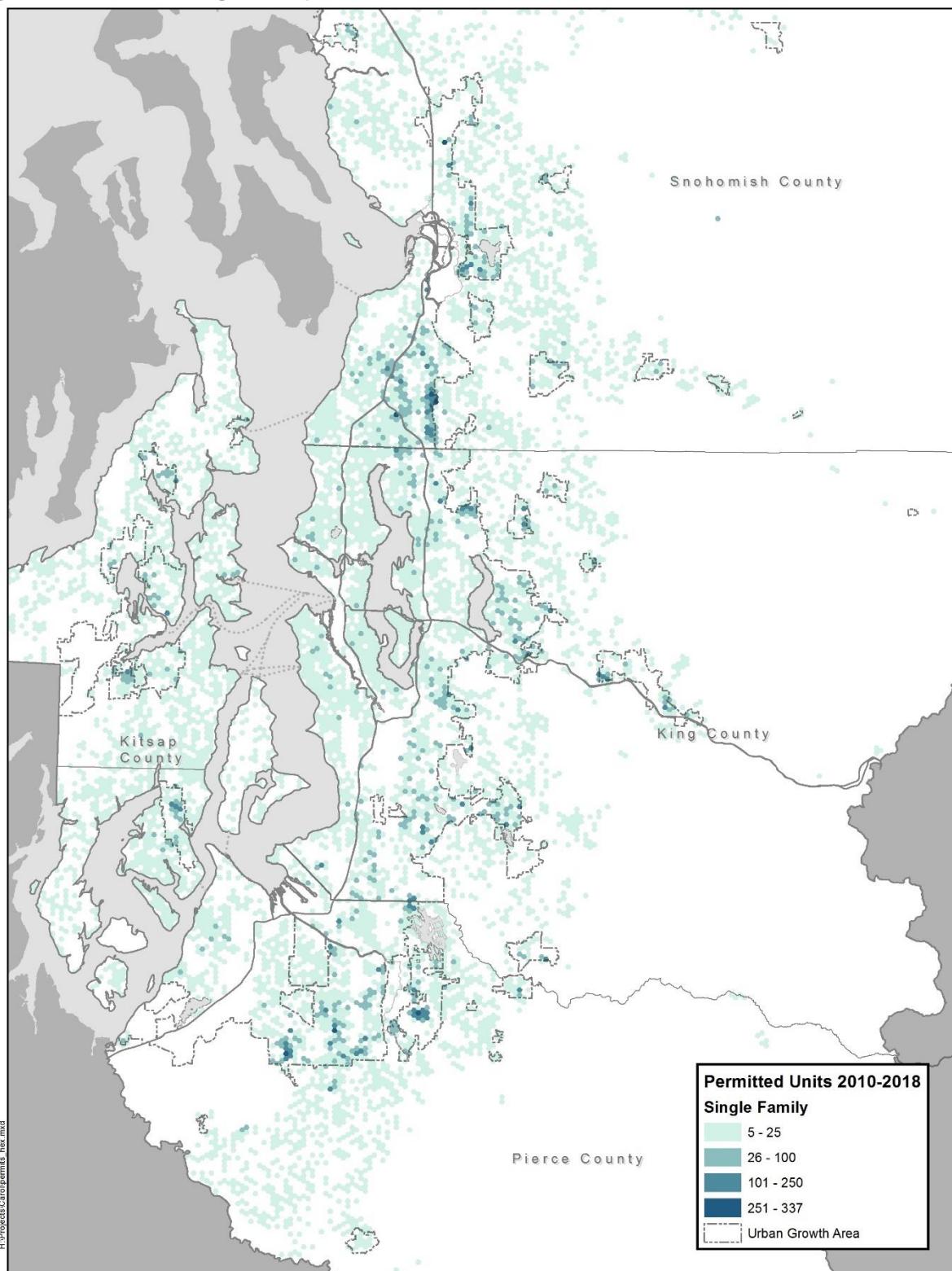
³² Joint Center for Housing Studies of Harvard University. (2017). The State of the Nation's Housing 2017. Available at http://www.jchs.harvard.edu/research/state_nations_housing.

Figure 68: Annual Housing Production by Type, 2010-2019



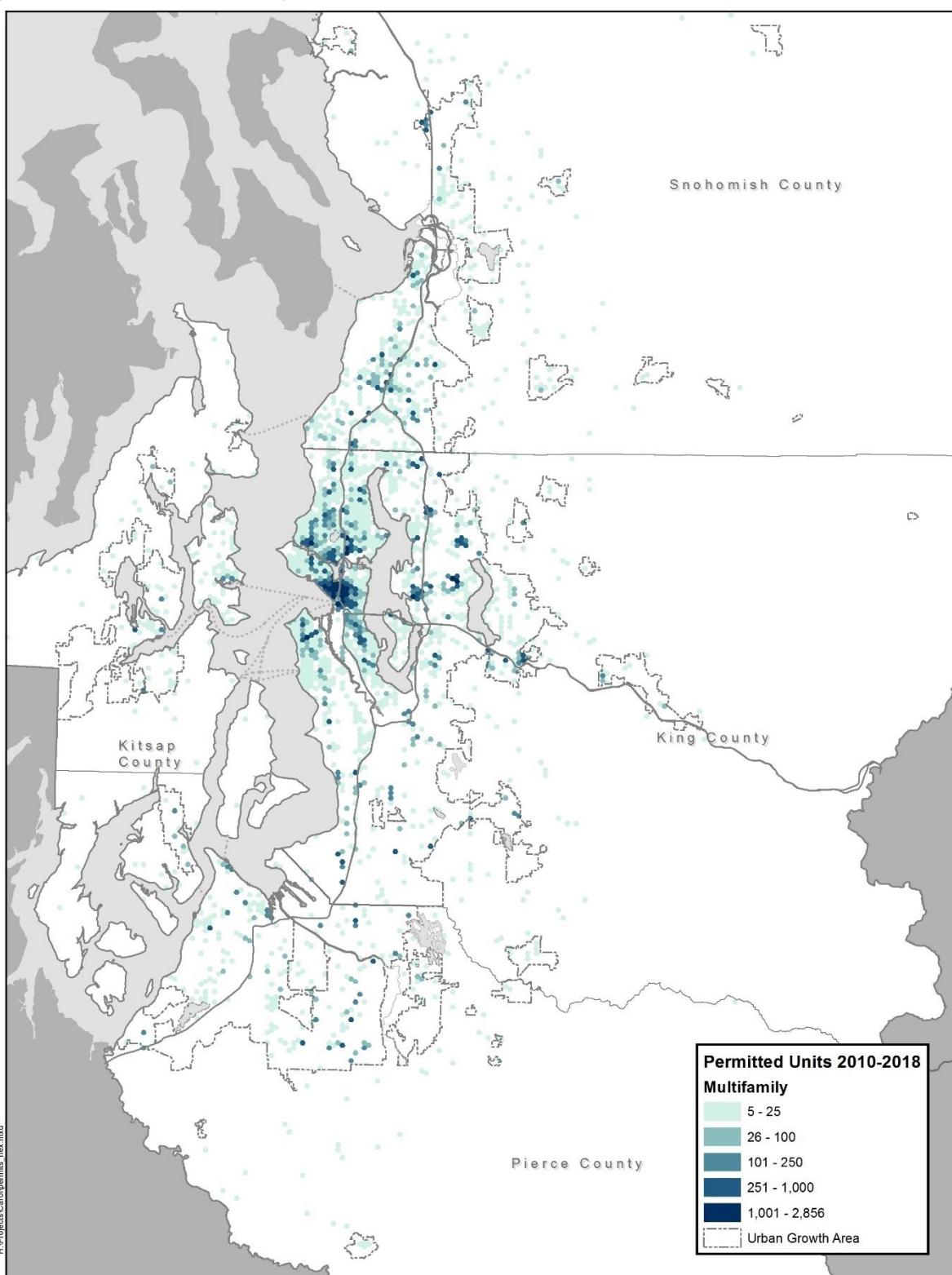
Source: WA State Office of Financial Management

Figure 69: Permitted Single Family Units, 2010-2018



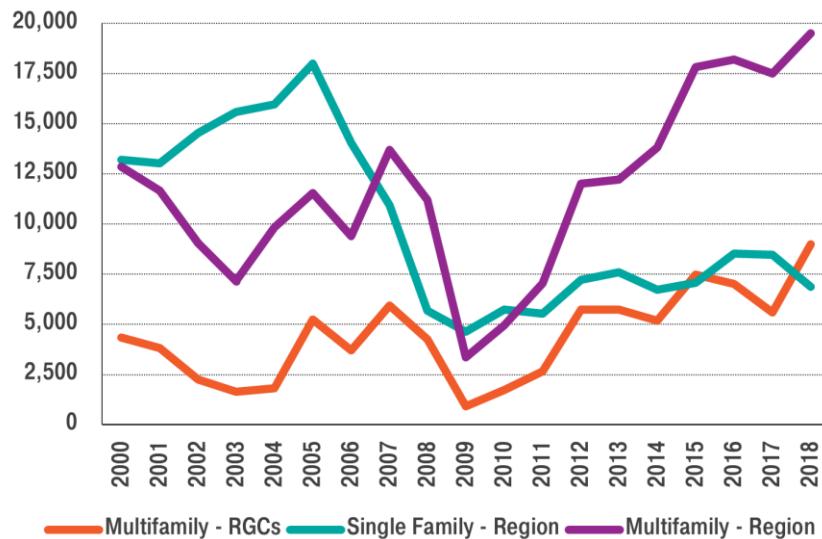
Source: PSRC Residential Permit Database

Figure 70: Permitted Multifamily Units, 2010-2018



Source: PSRC Residential Permit Database

Figure 71: Permitted Housing Units in Regional Growth Centers, 2000-2018



Source: PSRC Residential Permit Database

Housing growth in regional growth centers accounts for a significant share of multifamily unit growth and the overall share of housing unit growth since 2011. Approximately 34 percent of housing units permitted in 2018 were located in regional growth centers, shown in Figure 71.

Figure 72: Permitted Housing Units Near Transit

	Light Rail	Commuter Rail	Ferry	Bus Rapid Transit	Multiple Transit Modes	Total	% Share by County
King County	7,128	(2)	64	28,301	52,880	88,371	88%
Kitsap County	-	-	180	180	213	573	1%
Pierce County	340	10	-	2,386	1,011	3,747	4%
Snohomish County	2,282	9	4	4,364	1,177	7,836	8%
Region	9,750	17	248	35,231	55,281	100,527	100%

Source: PSRC Residential Permit Database

The central Puget Sound region has made significant transit investments, including planning for major build-out of a high-capacity transit network through the year 2050. VISION 2050 includes a goal for 65 percent of new residential development in regional growth centers and within walking distance of light rail, commuter rail, ferry, bus rapid transit and streetcar. From 2010 to 2018, over half (54 percent) of permitted residential development in the region was located in proximity to existing and planned high-capacity transit. The bulk (88 percent) of residential development in the region's current and planned high-capacity transit station areas occurred in King County, where

more of the service has been built to date. Within King County, the majority (60 percent) of permitted residential development occurred in transit station areas served by multiple modes, another 32 percent in bus rapid transit-only station areas, and 8 percent in light rail-only station areas.

Pierce and Snohomish counties, in contrast, saw the majority of permitted residential development near high-capacity transit occur in areas served by bus rapid transit only – 64 percent and 56 percent respectively – with the remainder occurring in areas that will be served by light rail or station areas with multiple modes of transit. Kitsap County's permitted residential development near current and future high-capacity transit was distributed roughly evenly across ferry, bus rapid transit, and multimodal station areas.

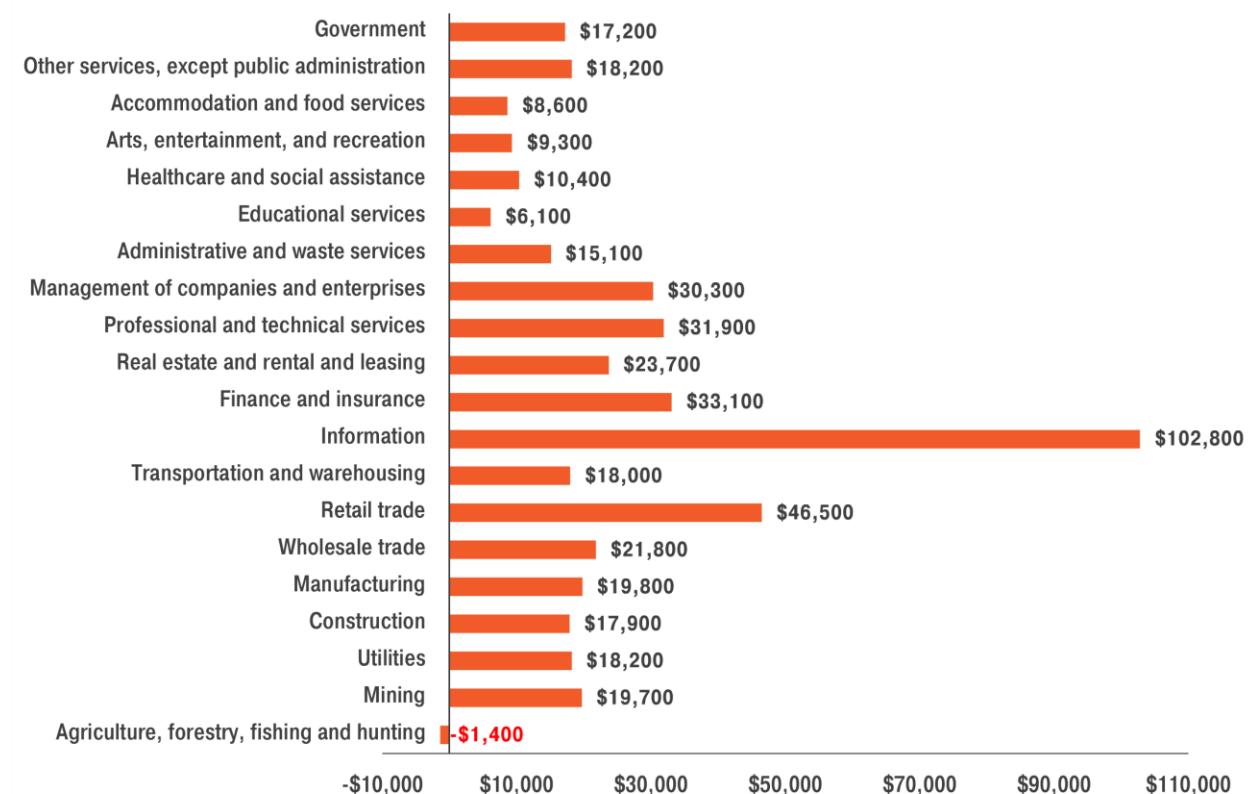
7 WORKFORCE CHARACTERISTICS

Analyzing the characteristics of the workforce can help to shed light on the housing needs of these workers as well as possible solutions. Addressing the housing needs of the local workforce can reduce the prevalence of long commutes and aid local employers in recruiting and maintaining a stable workforce. This section discusses trends in job growth, wages, and the local of jobs in relation to housing.

7.1 WAGES

During recovery from the Great Recession, employment in high-wage industries like the technology sector expanded rapidly resulting in significant demand and price pressures on local housing markets.

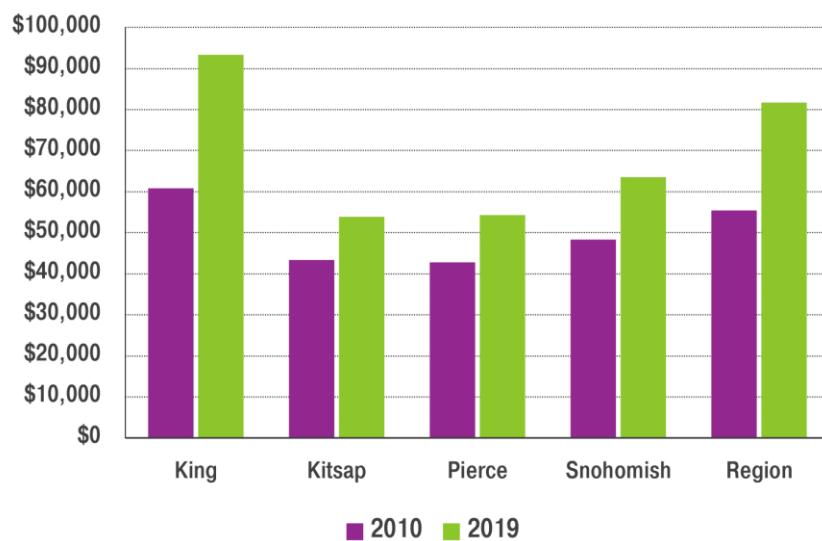
Figure 73: Change in Annual Wages, 2010-2019



Source: WA State Employment Security Department

These pressures were most evident in technology hubs like Seattle and east King County, where average wages grew significantly faster than in other parts of the region.

Figure 74: Average Annual Wages, 2010 versus 2019



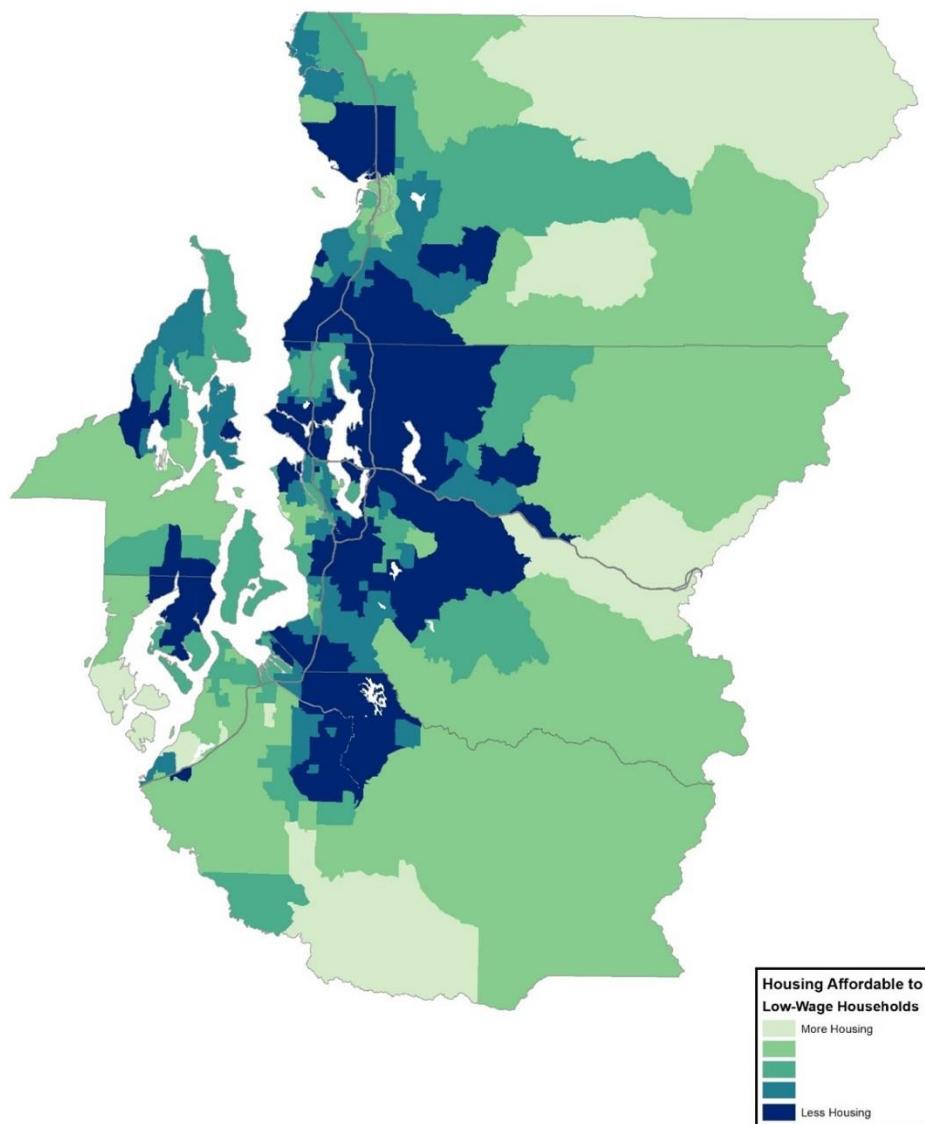
Source: WA State Employment Security Department

These dynamics exacerbate the geographic disconnect between low- and moderate-wage workers in high-housing cost areas and available affordable housing options, which contributes to households locating further from workplaces to find affordable housing options.

The low-wage affordable housing fit map (Figure 75) is based on an approach created by the University of California Davis.³³ This measure provides insight into whether low-wage workers have access to affordable housing near their place of employment. Affordable low-income housing is defined as rental housing that costs less than \$750/month (including utilities) while low-wage jobs are jobs that pay gross wages of \$15,000/year or less. Areas (or census tracts) with balanced or greater access to affordable housing options relative to the low-wage jobs base are shown in lighter greens, while places with more low-wage jobs but fewer affordable housing options are shown darker greens and blues.

³³ Benner, Chris, and Alex Karner. "Low-wage Jobs-housing Fit: Identifying Locations of Affordable Housing Shortages." *Urban Geography* 37, no. 6 (2016): 883-903

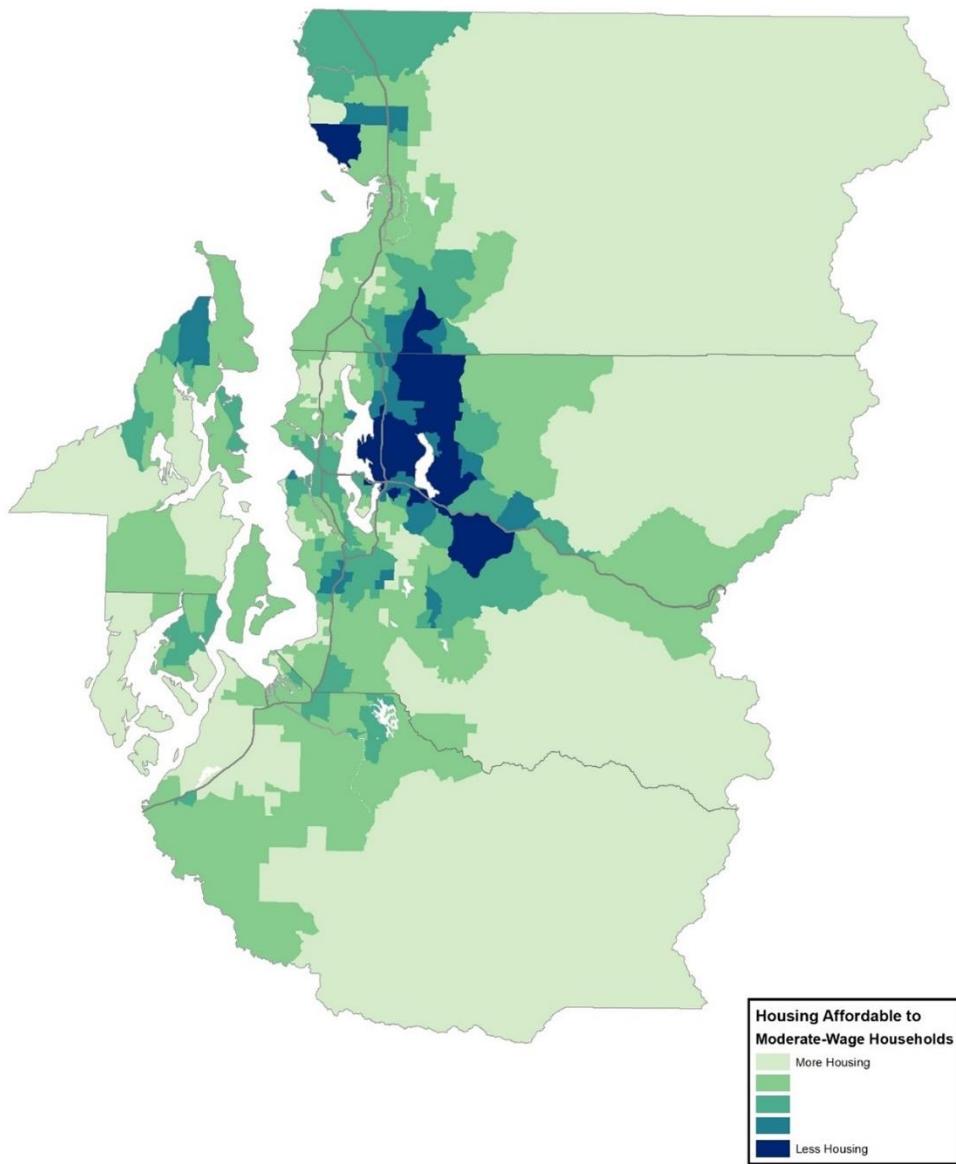
Figure 75: Affordable Housing and Low-Wage Job Fit - Low-Income, 2017



Source: American Community Survey 5-Year Estimates

The moderate-wage affordable housing fit map (Figure 76) defines affordable housing as rental housing that costs less than \$1250/month (including utilities) while moderate-wage jobs pay up to \$40,000/year. Areas with balanced or greater access to affordable housing options for moderate-wage earners are shown in lighter greens while places with more moderate-wage jobs but fewer affordable housing options are shown in darker greens and blues.

Figure 76: Affordable Housing and Low-Wage Job Fit - Moderate-Income, 2017



Source: American Community Survey 5-Year Estimates

7.2 JOBS-HOUSING BALANCE

Jobs-housing balance is a planning concept which advocates that housing and employment be close together to reduce the length of commute travel or vehicle trips altogether. A lack of housing, especially affordable housing close to job centers, will push demand for affordable homes to more distant areas, increasing commute times. A jobs-housing ratio compares the number of jobs in relation to the number of housing units in a given area. A “balance” of jobs and housing is attained where a community or market area attains roughly the regional average ratio. The regional jobs-housing ratio in 2019 was 1.35. This is considerably higher than it was in 2010/2011 (1.20/1.21),

which was the “low water” point during the Great Recession. Figure 77 highlights variation in jobs-housing ratio among regional geographies of the region.

Figure 77: Jobs-Housing Balance by Regional Geography, 2019

	2019 Jobs	2019 Housing	Jobs-Hsg Ratio	Indexed Ratio
Metropolitan Cities	1,103,700	590,473	1.87	1.39
Core Cities	674,987	385,960	1.75	1.30
High Capacity Transit Communities	277,743	357,541	0.78	0.58
Cities & Towns	107,559	129,678	0.83	0.62
Urban Unincorporated	83,120	62,396	1.33	0.99
Rural	93,644	213,572	0.44	0.33
Total	2,340,753	1,739,620	1.35	1.00

Source: WA State Office of Financial Management, PSRC

Figure 78: Jobs-Housing Balance by Subarea, 2019

Subarea	2019 Jobs	2019 Housing	Jobs-Hsg Ratio	Indexed Ratio
East King	431,800	250,900	1.72	1.28
Sea-Shore	702,000	400,200	1.75	1.30
South-King	395,700	305,100	1.30	0.96
North Kitsap	51,700	61,000	0.85	0.63
South Kitsap	59,200	52,500	1.13	0.84
East Pierce	25,400	31,400	0.81	0.60
Peninsula	20,900	30,700	0.68	0.51
Tacoma/Central Pierce	330,800	290,900	1.14	0.85
Central Snohomish	33,700	52,400	0.64	0.48
North Snohomish	48,500	57,700	0.84	0.62
Southwest Snohomish	241,100	206,800	1.17	0.87
Region	2,340,800	1,739,700	1.35	1.00

Source: WA State Office of Financial Management, PSRC

Subareas in King County have the highest ratios (all over 1.30), indicating they are relatively employment rich. Peninsula (0.68) and Central Snohomish (0.64) have the lowest, indicating that they are relatively housing rich.

Overall, King County (1.60) is the only county to have a ratio higher than the region (1.35).

Figure 79: Jobs-Housing Balance by County, 2019



Source: WA State Office of Financial Management, PSRC

7.3 HOME LOCATION OF LOCAL WORKFORCE

Many middle- and lower-income households struggle to find housing that fits their income in an increasingly competitive and expensive housing market. As affordable housing options become scarce, households may be forced to move farther from their jobs and communities, resulting in increased traffic congestion, and fragmentation of communities. Many focus groups participants shared that the time lost in commuting means more time spent away from their neighborhoods impacting their ability to make connections, date, or build a family in the community.

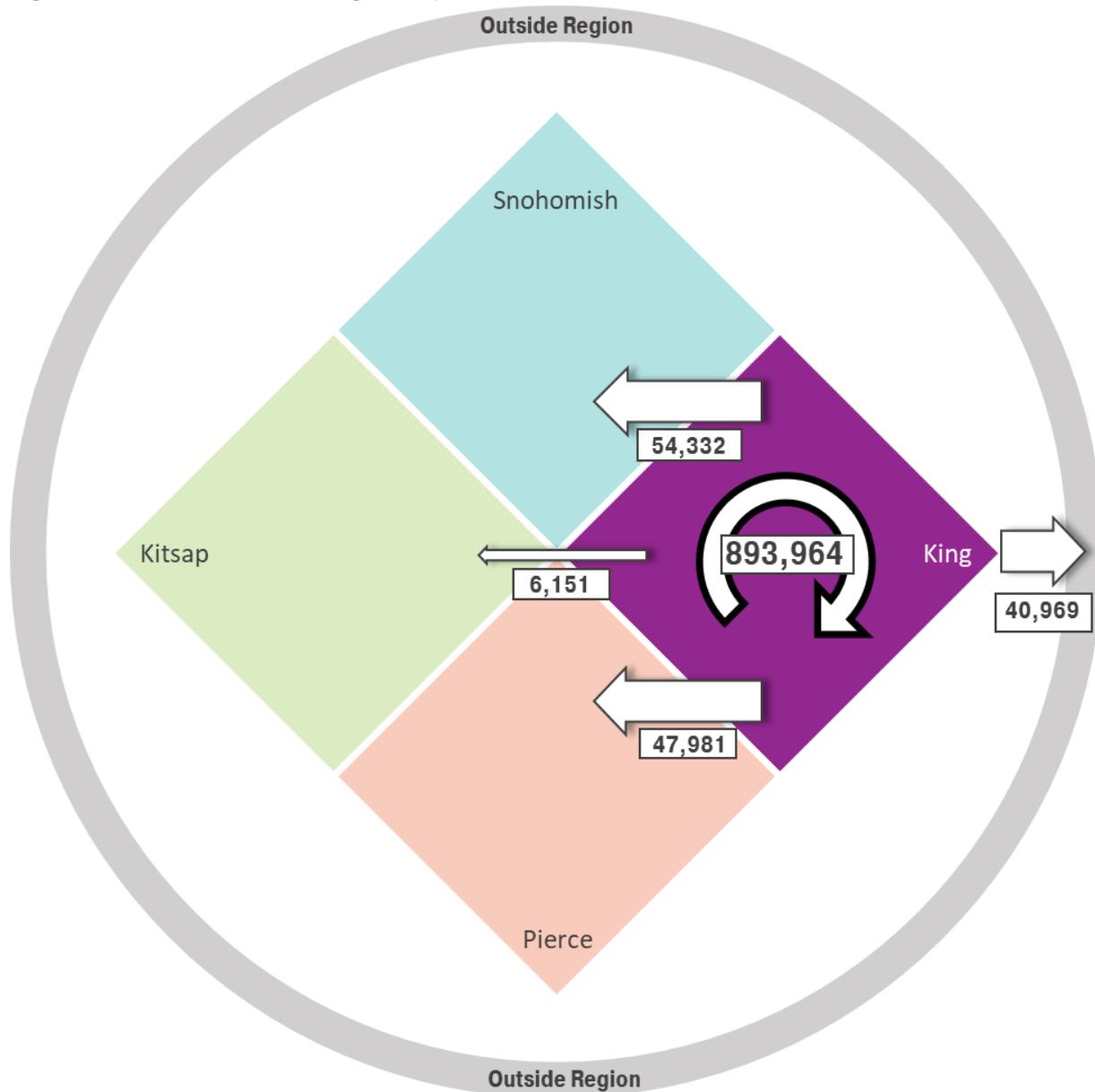
"You don't have time to volunteer, you can't participate in your kid's activities, you can't be connected to anything going on locally."

"There's a loss of connection to the community where you work and where you live. If you're a daytime resident, is that a part of your community? Do you have time to establish relationships?"

there? Same thing about being at home, if you're spending the majority of your time away, are you really able to build those relationships in the community you live in?"

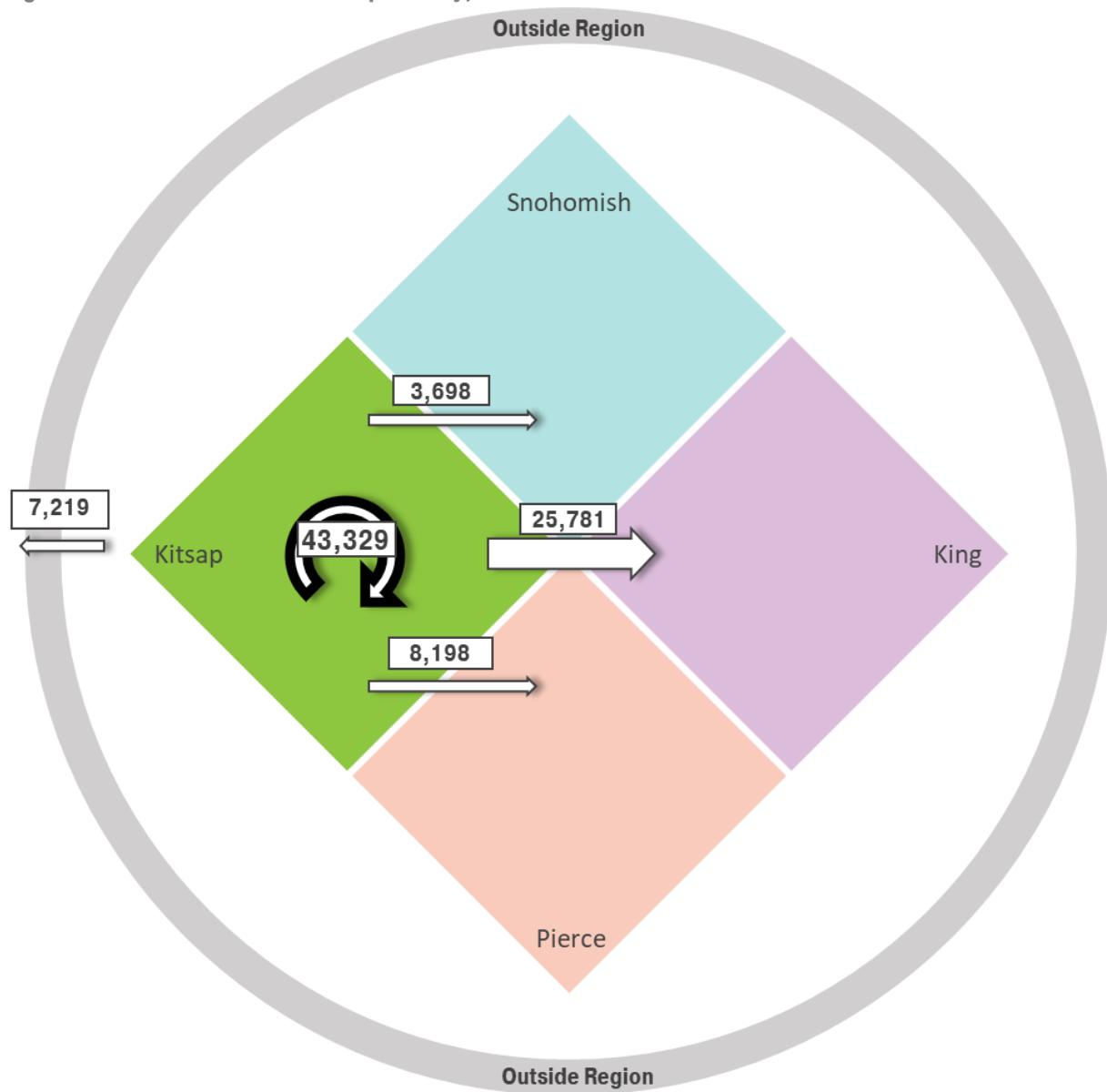
Overall, nearly 40-50 percent of workers in the region live in the same subarea in which they work. Commuting between counties and subareas varies – areas with high concentrations of jobs attract workers from all over the region and outside the region. More than half of workers who live outside the region commute to King County. Kitsap County has the fewest workers commuting to and from the county. Figures 80-83 show the flow of workers who live in each county and their place of work. The arrows indicate the number workers who commute to each county – for example, in Figure 80, over 54,000 workers who live in King County commute to Snohomish County. The arrow pointing away from the figure indicates workers who commute outside the Central Puget Sound region.

Figure 80: Commute Flow – King County, 2018



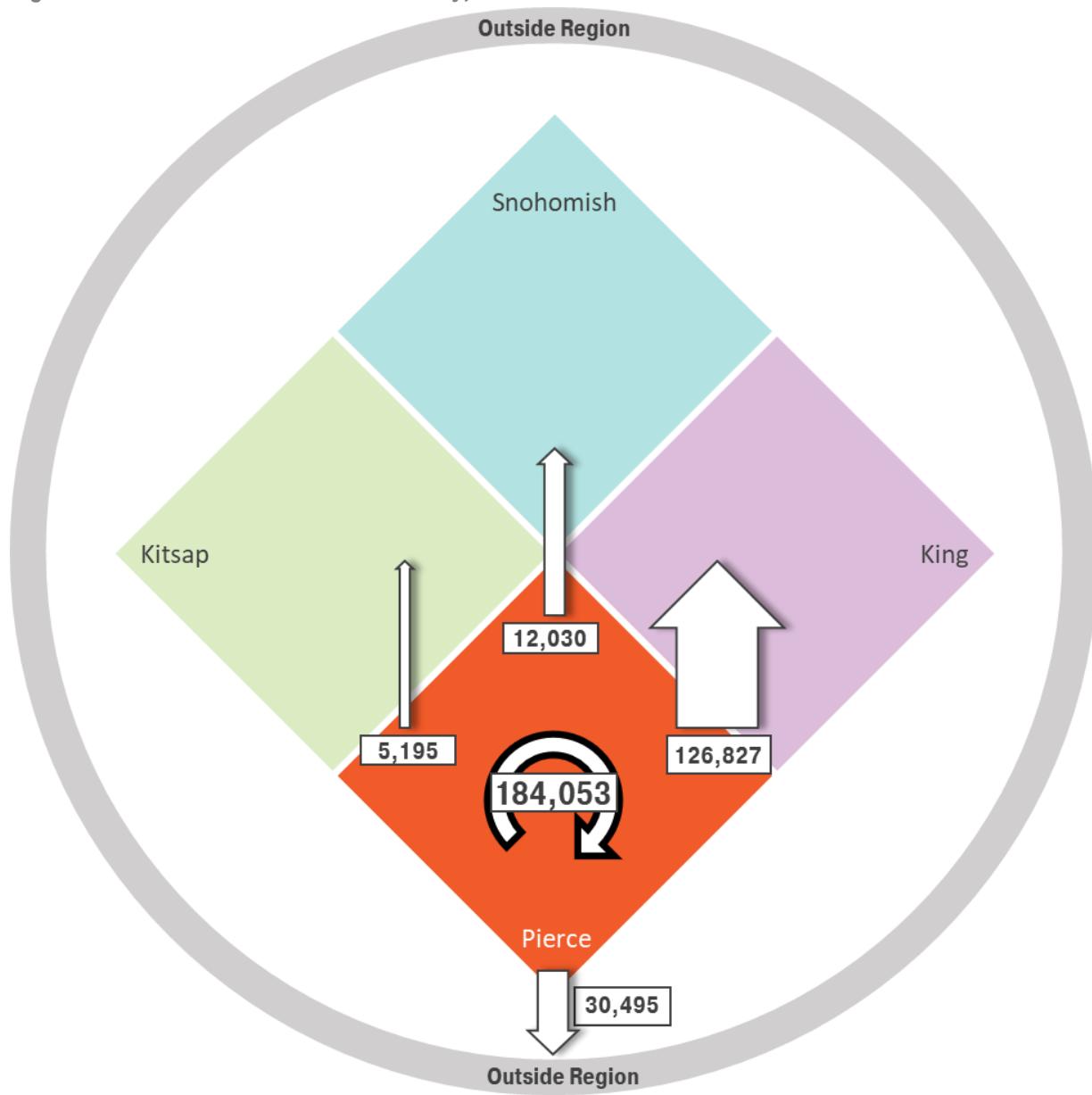
Source: US Census, Longitudinal Employer-Household Dynamics

Figure 81: Commute Flow – Kitsap County, 2018



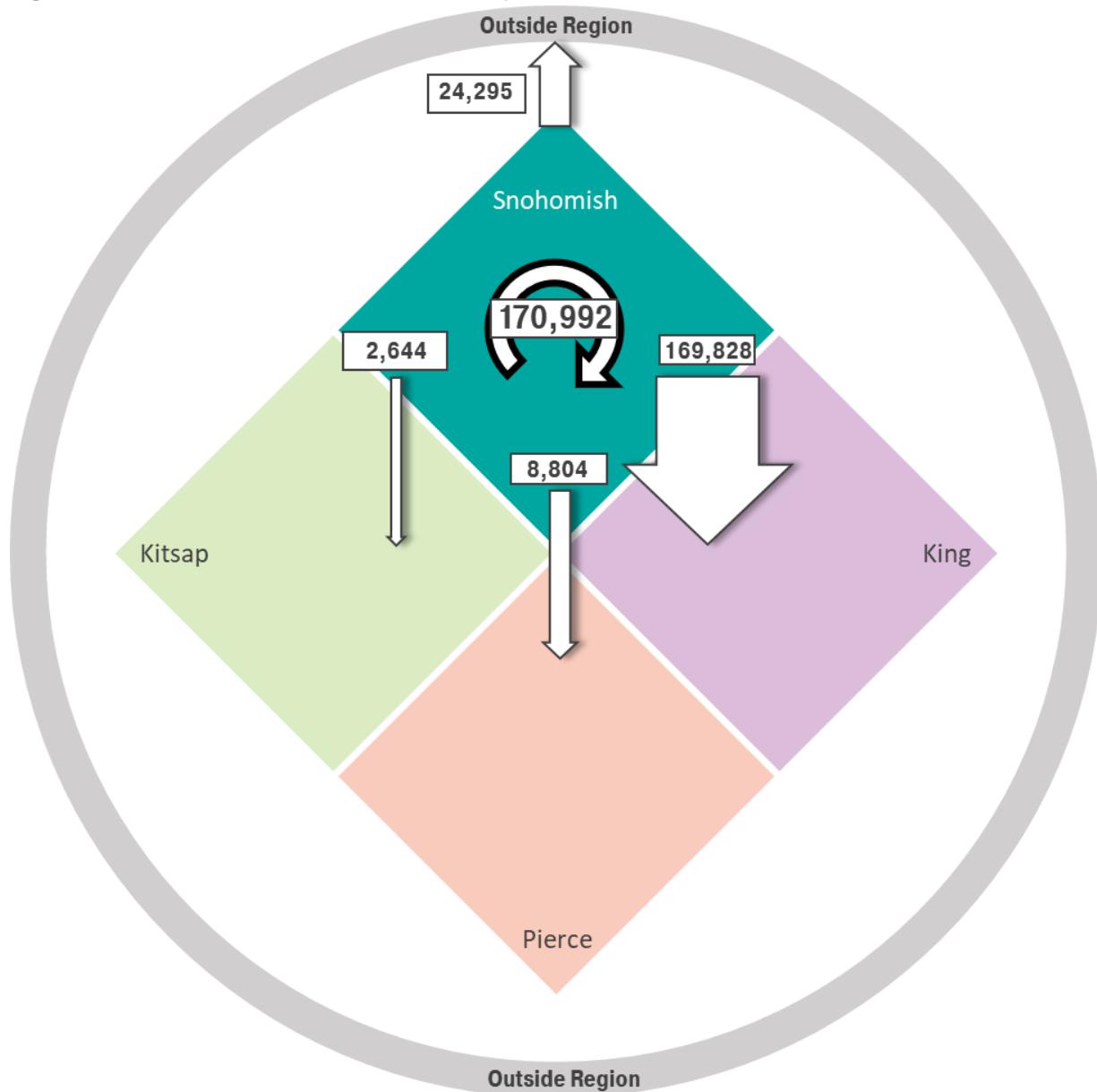
Source: US Census, Longitudinal Employer-Household Dynamics

Figure 82: Commute Flow – Pierce County, 2018



Source: US Census, Longitudinal Employer-Household Dynamics

Figure 83: Commute Flow – Snohomish County, 2018



Source: US Census, Longitudinal Employer-Household Dynamics

Figure 84: Commute Flow by Household Income, 2016

Household Income in the Past 12 Months 2016		All Households	Less than \$50,000	\$50,000-\$100,000	More than \$100,000
Residence	Workplace				
King	King	93%	94%	92%	93%
	Kitsap	0%	0%	0%	0%
	Pierce	3%	3%	3%	2%
	Snohomish	4%	3%	4%	4%
	Other	0%	0%	0%	0%
Kitsap	King	11%	6%	9%	16%
	Kitsap	80%	84%	86%	75%
	Pierce	6%	6%	5%	6%
	Snohomish	1%	0%	1%	1%
	Other	2%	3%	2%	1%
Pierce	King	25%	18%	25%	30%
	Kitsap	1%	1%	1%	2%
	Pierce	70%	78%	71%	65%
	Snohomish	1%	0%	1%	1%
	Other	3%	2%	3%	3%
Snohomish	King	34%	28%	32%	37%
	Kitsap	0%	0%	0%	0%
	Pierce	0%	1%	1%	0%
	Snohomish	64%	69%	65%	61%
	Other	2%	2%	2%	2%

Source: American Community Survey 5-Year Estimates

Commute flow patterns can also be assessed by household income. The vast majority – approximately 93 percent – of King County residents work in King County as well, irrespective of the household income. Workers in lower and moderate-income households, generally less than \$75,000, in Kitsap, Pierce, and Snohomish counties are more likely to live and work in the same county than average. Workers in the highest income households, generally greater than \$100,000, are less likely to live and work in the same county and more likely to work in King County than average.

Long commutes have a big impact on people's lives. Focus group participants who have experienced long commutes between counties or even in the same city said this time spent traveling means they have less time to spend with their family and on other activities.

"Waking up at four in the morning takes something out of your soul. And then commuting back home in traffic."

"Even if you're in the same county, if you're not able to live in the area you work then there's a cost."

"I have to have a certain amount of proximity to my Mom and Aunt. My parents are getting older."

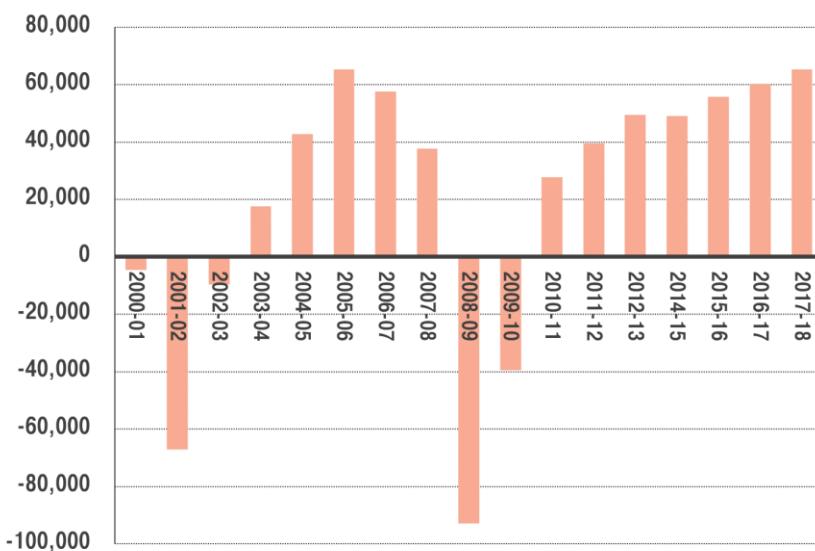
Traveling long distances for work and other essential needed trips for childcare, groceries, and medical visits also has an impact on the environment. Several focus group participants raised concerns about the environmental impact of driving or commuting long distances regularly. Participants noted the impact on the local environment, as well as on themselves and the communities that live nearby roadways.

"There's a lot of energy to get People of Color to care about plastic bags. But if we could afford to live fifteen minutes from work it would lower our carbon footprint more than anything."

7.4 EMPLOYMENT GROWTH AND FORECASTS

The region added nearly 443,000 new jobs since 2010, with a total of nearly 2,300,000 jobs in the four counties in 2018. Regionwide, jobs grew 19 percent since 2010, or 3 percent from 2017 to 2018. The strongest job growth was in the Seattle metro area, which includes King and Snohomish counties.

Figure 85: Annual Change in Employment, 2000-2018



Source: PSRC

Uneven economic prosperity has also contributed to long commutes and the need for auto trips to retail and services. The VISION 2050 Regional Growth Strategy encourages shifting a portion of expected employment growth from King County to Kitsap, Pierce, and Snohomish counties to improve jobs-housing balance. Across the region, the strategy plans for improved jobs-housing balance in most counties and subareas compared to today. Access to living wage jobs outside King County and access to affordable housing in and near job centers within King County are important for regional mobility, environmental outcomes, and community development.

It has never been more clear that public health and the economy are mutually supportive. The economy relies on a healthy workforce and people's health depends on a thriving economy to provide personal financial stability to afford a high quality of life. As a result of the COVID-19 pandemic, unemployment claims surged in the central Puget Sound region. However, some residents are more negatively impacted than others. People of color in the region are more likely to have contracted COVID-19 and are also more likely to file for unemployment due to economic shutdowns. This is a consequence of historic inequities that drive where people live, the educational and economic opportunities they have, disparities in criminal justice outcomes, their health outcomes, and their ability to transfer wealth across generations. Systemic racism has laid the groundwork for people of color to be overrepresented in low-wage jobs hit hardest by the pandemic, such as food services, retail, and transportation. These factors have funneled people of color into communities that have eroded their health and into jobs lacking healthcare, making them particularly vulnerable to the virus and further delaying the economic recovery.

8 NEEDS ANALYSIS

This section evaluates the alignment between the region's housing inventory and the housing needs of the region's residents. This analysis helps to identify the amount and the types of housing needed over the next 30 years to ensure residents will have access to affordable housing.

While most current residents have been able to rent or purchase a home, many are living in homes that are beyond their financial means or do not meet needs, such as those that are too small for their family size or lack accommodation for aging residents. A significant challenge facing the region is to produce enough new housing units as the population grows and to provide more affordable housing that matches the needs of current residents.

A household's housing may not meet their needs for several reasons, including:

- **Affordability.** The household may not be able to afford the unit. This could result from a lack of more affordable housing options, an increase in rent, or a change in income, employment or the cost of repairs and maintenance.
- **Housing Size.** The dwelling may be too small (overcrowding).
- **Substandard Housing.** The unit may lack plumbing or kitchen facilities to make it fit for habitation.
- **Other Needs.** The household may be looking for a unit that better suits their needs, such as one with lower maintenance costs, ADA accessibility, one that allows them to build equity, or one with fewer restrictions.
- **Experiencing Homelessness.** The household may lack housing or housing may consist of shelter space, a vehicle or a tent.
- **Location.** The household may need a unit that is closer to their community, job, or other services.

This chapter examines some of these factors and provides estimates of the number of households whose housing does not meet their needs for one reason or another. This information can then be used to identify actions to reduce the gap between housing needed and available housing when developing the Regional Housing Strategy.

The Regional Housing Needs Assessment uses a variety of methods to assess need, each described in greater detail in this section. Each methodology helps planners to better understand the various components of need and together the different analyses paint a fuller picture of what is needed now and, in the future, and what must be addressed in the short-term and over the course of the 20 and 30-year planning horizons. The analyses and numbers presented identify a range of need and highlight opportunities to better address need for current and future households.

What's needed now?

46,000 Housing units needed to address the
current supply backlog

What's needed by 2050?

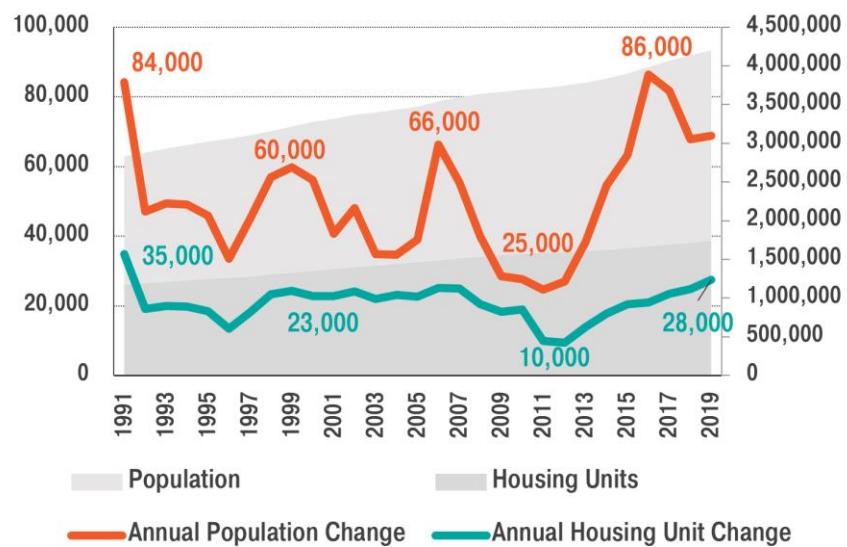
810,000 Total new housing units needed to
accommodate the population in 2050

8.1 CURRENT DEMAND ON HOUSING

Strong employment and population growth over the last decade have resulted in housing demand that has accelerated more quickly than housing unit production, causing shrinking vacancies, quicker sales, and a tighter housing market. These factors lead to pressure on housing prices and rents.

In the past decade the region has added nearly 60,000 new residents and just less than 19,000 new housing units on average per year. This means that from 2010 to 2019 the region added just over three new residents for every one new housing unit. Looking at the decade prior to the Great Recession, 2000 to 2010, the region's housing production was generally keeping pace with population growth with the region adding just fewer than two new residents for every one new housing unit. Annual housing production, shown in Figure 86, has picked up since 2016, yet there is still a backlog of needed housing supply. See section 6.2 for more information on the current backlog of housing supply.

Figure 86: Annual Change in Population and Housing, 1990-2019



Source: WA State Office of Financial Management

The central Puget Sound region has experienced sustained employment growth since emerging from the recession in 2010, with exceptionally strong job growth from 2013 to 2020. This growth has contributed to a surge in population growth and corresponding increase in the demand for housing.

Figure 87: Annual Change in Jobs and Housing Units, 2000-2019



Source: WA State Office of Financial Management, PSRC

Figure 87 shows annual change in housing and jobs over time. There is not a 1:1 relationship between jobs and needed housing units in any given year. Households often contain more than one worker, and housing response to job growth generally lags over several years, reflecting the time it

takes to finance and develop housing. With these caveats in mind, the data show that while housing construction has picked up substantially since a low in 2011, the construction of new housing units is not keeping pace with job growth and is just now approaching pre-recession levels of production.

8.2 CURRENT BACKLOG OF HOUSING SUPPLY

The region has underproduced housing over the past decade. To more fully understand housing need in the region, this analysis looks at current supply need in addition to assessing the number of new housing units to meet future supply. Prior to 2010 the region was adding more new housing units than new households were being formed. However, after the precipitous decline in construction following the Great Recession, the region added more new households than housing units from 2011 to 2016, as shown in Figure 88.

Figure 88: Annual Change in Households and Housing Units, 2006-2019



Source: WA State Office of Financial Management

While this analysis helps to highlight the relationship between the growth of the region's housing stock and new households, it may not accurately capture the amount of housing currently needed as the number of new households may be constrained by the lack of available housing. For example, residents may live with family members or roommates for longer than they wish due to a lack of housing options. The number of people forming new households for ages 18-24 and 25-34 are especially low in less affordable markets such as the central Puget Sound, so the region is likely seeing fewer new households as a result of the lack of affordable housing.³⁴

³⁴ Joint Center for Housing Studies of Harvard University. (2017). The State of the Nation's Housing 2017. Available http://www.jchs.harvard.edu/research/state_nations_housing.

Another way to assess housing underproduction is to compare the number of new households the region would have gained over the last decade if housing production were unconstrained in comparison to actual housing production.

Using this methodology, from 2010 to 2019 there is a backlog of approximately 45,000 – 50,000 units. Given the annual average housing production rate over the past decade, this amounts to a backlog of about two years of production. In addition to planning for future growth in the long term, the region needs to address the current backlog in the short term. The current backlog does not account for housing needed for currently unhoused people.

8.3 HOUSING SUPPLY NEEDED BY 2050

The VISION 2050 Regional Growth Strategy estimates growth of 1.8 million new people from 2017 to 2050. Population growth can be translated into assumptions about the total amount of housing needed by factoring in average household size (or persons per household), vacancy rates, and people living in group quarters.

Using this methodology, 888,000 new housing units are needed from 2017 to 2050. Updating this number with actual housing production that occurred from 2017 to 2020, the region needs 810,000 housing units from 2020 to 2050. The future supply needed accounts for the backlog of housing currently needed. The breakdown by county is shown in Figure 89.

Figure 89: Future Housing Supply Needed to Accommodate Future Growth, 2020-2050

Between 2020 and 2050 the region needs 810,000 additional housing units to accommodate future growth



King County – 418,000 units



Kitsap County – 43,000 units



Pierce County – 161,000 units



Snohomish County – 187,000 Units

Source: PSRC

8.4 HOUSING NEEDED NEAR TRANSIT

The central Puget Sound region is investing heavily in high-capacity transit and greatly expanding light rail, bus rapid transit, and passenger ferry service.

Rail, ferry, and bus rapid transit station areas are ideal for increased density, new residences, and businesses—referred to as transit-oriented development or TOD. Allowing for greater employment and population growth within walking distance to high-capacity transit promotes the use of the region’s transit systems and reduces the number of trips that require a personal vehicle. VISION 2050 focuses on locating growth near current and future high-capacity transit facilities. VISION 2050 includes a goal for 65 percent of the region’s population growth and 75 percent of the region’s employment growth to be located in regional growth centers and within walking distance of high-capacity transit. This regional-scale goal provides a benchmark to inform local planning and continue to focus new growth as transit investments come into service. This goal also helps to measure regional progress, while providing flexibility for individual station areas that may have different contexts, such as within industrial areas.

Following the policy principles of the Regional Growth Strategy, the majority of new housing units should be located in the Metropolitan and Core Cities and High Capacity Transit Communities, yet where and how new housing is accommodated will vary by county. Figure 90 shows the shares of housing growth over the next thirty years by Regional Geography. Over three-quarters of new housing units in King County should be located in Metropolitan and Core Cities, focusing the majority of new housing growth in regional growth centers and near high-capacity transit. Nearly half of new housing units in Pierce, Kitsap, and Snohomish counties should be located in Core Cities and High Capacity Transit Communities, focusing new housing growth in proximity to current and planned high-capacity transit.

Figure 90: Future Housing Unit Need by Regional Geographies

County	Regional Geography	Housing Need 2020 - 2050
King	Metropolitan	194,200
	Core	158,000
	High Capacity Transit	42,400
	Cities & Towns	18,400
	Urban Unincorporated	1,600
	Rural	3,400
	Total	418,000
Kitsap	Metropolitan	14,200
	Core	6,700
	High Capacity Transit	15,300
	Cities & Towns	-
	Urban Unincorporated	2,800
	Rural	3,500
	Total	43,000
Pierce	Metropolitan	63,900
	Core	41,200
	High Capacity Transit	32,100
	Cities & Towns	10,600
	Urban Unincorporated	9,100
	Rural	3,900
	Total	161,000
Snohomish	Metropolitan	42,400
	Core	22,400
	High Capacity Transit	91,900
	Cities & Towns	16,300
	Urban Unincorporated	6,900
	Rural	6,700
	Total	187,000
Region Total		810,000

Source: PSRC

PSRC modeled future housing growth to develop the VISION 2050 plan. To achieve the 65 percent population growth goal in centers and near transit, growth had to exceed maximum zoned development capacity in many regional growth centers and station areas. The data represent an “asserted” growth scenario and should not be considered a forecast of what is likely to happen. Rather, the data are most useful to illustrate what it will collectively take from Metropolitan, Core,

and HCT Communities to achieve VISION 2050's policy goal and indicate. While this is one possible scenario on how growth may occur, it implies that the region needs to upzone in some regional geographies to accommodate the majority of future household growth in centers and station areas by the year 2050.

The need to upzone to accommodate future household growth in regional growth centers and station areas is also supported when looking at current housing types by Regional Geography. Figure 86 shows the breakdown of the housing stock by regional geography. In all geographies, with exception of Metropolitan cities in King County, single family homes make up the majority of the housing stock. Housing types and densities beyond detached and attached single family homes – ranging from duplexes and triplexes, to garden apartment, to steel construction high rises – are needed to accommodate future growth near transit, job centers, and other services.

Figure 91: Units in Structure by Regional Geography, 2018

		Single Family		Moderate Density (2-19 Units)		High Density (20+ Units)	
County	Regional Geography	# Units	% of Housing	# Units	% of Housing	# Units	% of Housing
King	Metropolitan	186,000	49%	76,000	20%	118,000	31%
	Core	151,000	57%	66,000	25%	38,000	14%
	High Capacity Transit	72,000	69%	16,000	16%	13,000	13%
Kitsap	Metropolitan	13,000	62%	5,000	23%	2,000	11%
	Core	3,000	51%	2,000	29%	1,000	17%
	High Capacity Transit	20,000	75%	4,000	13%	2,000	7%
Pierce	Metropolitan	54,000	66%	17,000	20%	11,000	13%
	Core	34,000	59%	17,000	29%	5,000	9%
	High Capacity Transit	46,000	71%	13,000	19%	3,000	5%
Snohomish	Metropolitan	21,000	50%	12,000	30%	7,000	17%
	Core	12,000	59%	5,000	24%	3,000	13%
	High Capacity Transit	94,000	70%	24,000	18%	12,000	9%

Source: American Community Survey 5-Year Estimates

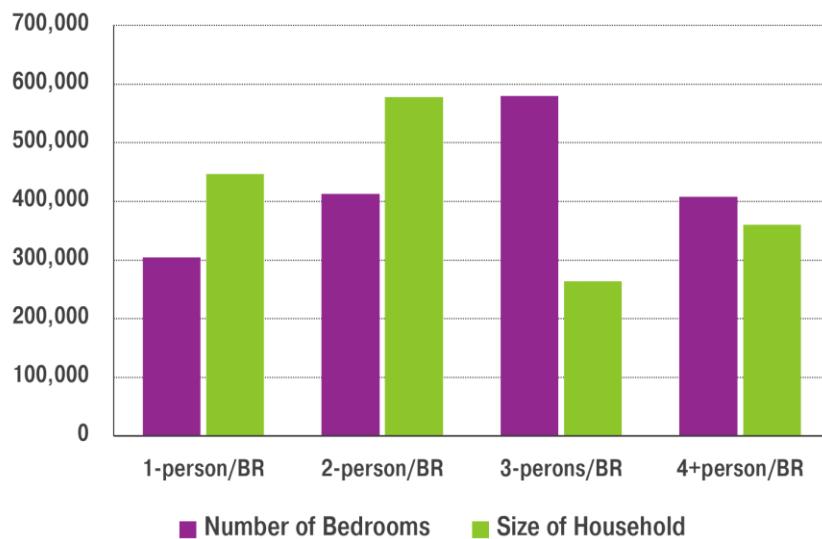
8.5 HOUSING NEEDED TO MEET HOUSEHOLD CHARACTERISTICS

In addition to assessing the number of new units needed, it is important to understand the types of units needed to meet current and future households needs. Household size, demographic changes, and household composition all factor into the types of housing needed in the region.

The characteristics of the region's households have been changing over time and will continue to do so. The size of the average household has been decreasing. Fewer people are living in family households with two parents and children. More households are comprised of singles, couples without children, or single-parent families. Many households have two or more workers. The region's population is becoming more racially and ethnically diverse. As the population ages and new generations enter the housing market, there will be demands and preferences for new and different types of housing. While the region has a changing population with a wide range of housing needs, the vast majority of owner-occupied homes are larger single-family homes.

Figure 92 breaks down the housing stock by the number of bedrooms and compares it to the size of households. Across the region there is a lack of small to moderate sized – studio to 2 bedrooms—units (725,000) and a wealth of larger – three or more bedrooms – units (1,006,000) in relation to the size of households. This misalignment of household size and size of housing units is heightened in many of the counties. Nearly two-thirds (64 percent) of Kitsap County's housing stock has 3 or more bedrooms while just over one-third of households (37 percent) have three or more people. Over half (58 percent) of Snohomish County's households have two or fewer people, yet only 33 percent of the county's housing stock are studio to two-bedroom units.

Figure 92: Alignment Between Household Sizes and Size of Units in Housing Stock, 2018

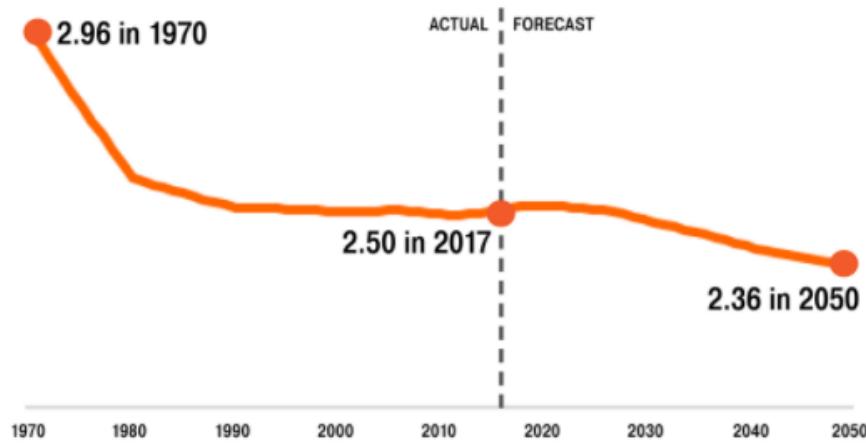


Source: American Community Survey 5-Year Estimates

While not all 1-person households are looking for a studio or 1-bedroom unit, it is also likely to be true that there are people living in larger shared houses now that would prefer to live in a studio or 1-bedroom unit if there were enough units available. So, the demand for studio and 1-bedroom units could potentially exceed what is indicated by looking at Census data about household sizes.

The need for smaller sized units is expected to increase as average household size is forecasted to decrease to 2.36 people by the year 2050, largely due to the aging of the Baby Boomer generation (Figure 93) and declining fertility rates. Fewer persons per household means greater demand for housing to accommodate the forecast population growth.

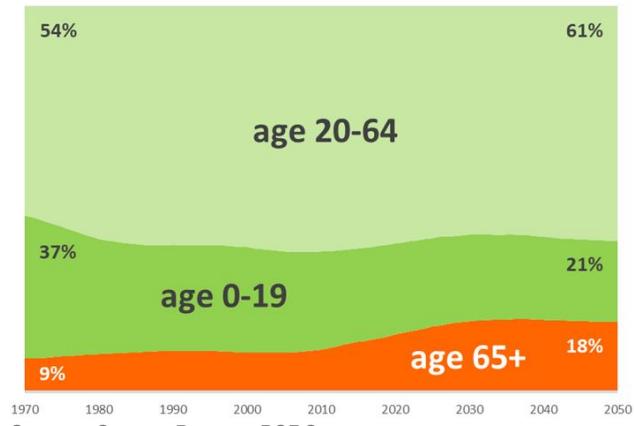
Figure 93: Persons-per-Household Ratio, 1970-2050



Source: Census Bureau, PSRC

The region is becoming older and more diverse. Changing demographics affect housing demand. Seniors as a share of the region's total population are forecasted to grow from 11 percent in 2010 to 18 percent in 2050 (Figure 94). The growing number of seniors will increase the need to improve the accessibility of the housing stock and deliver in-home supportive services so communities can provide safe, walkable streets; age-friendly housing and transportation options; access to needed services; and opportunities for residents of all ages to participate in community life.

Figure 94: Regional Population by Age



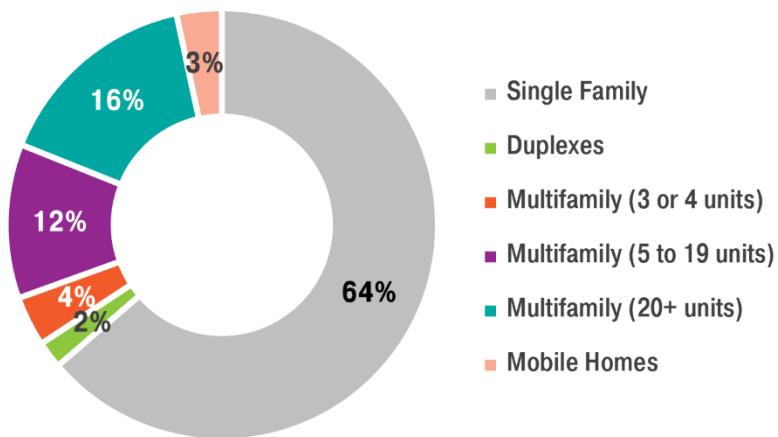
Source: Census Bureau, PSRC

Focus group participants living in subsidized housing noted that most of the units include children, underscoring the need for larger – family-sized – rentals.

"I'm now in tax credit housing that's for low-income families. There's at least one child in every apartment."

Despite the current and forecasted shifts in household size and composition, the majority of the region's housing is detached single-family. While detached single-family housing is an important part of the region's housing supply, it does not meet the needs of many households, specifically the growing number of one- and two-person senior households.

Figure 95: Units in Structure, 2018



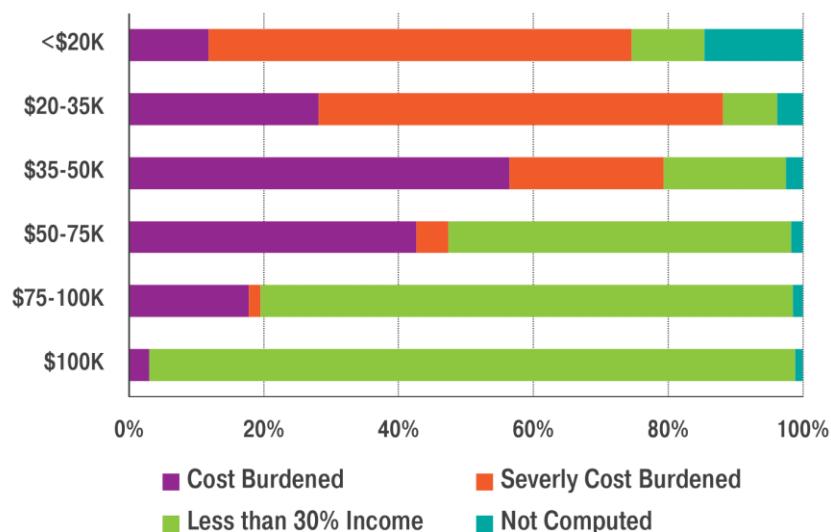
Source: American Community Survey 5-Year Estimates

8.6 COST BURDEN

A household is considered cost burdened if it pays more than 30 percent of its income on housing. This includes rent or mortgage payments, and utilities. A household is considered severely cost burdened if it pays more than 50 percent of its income on housing. Cost burden is a relative metric; a high-income cost burdened homeowner is most likely in a different financial position than a low income cost burdened renter as lower-income individuals have less disposable income to manage changing housing costs and cover other household expenses.

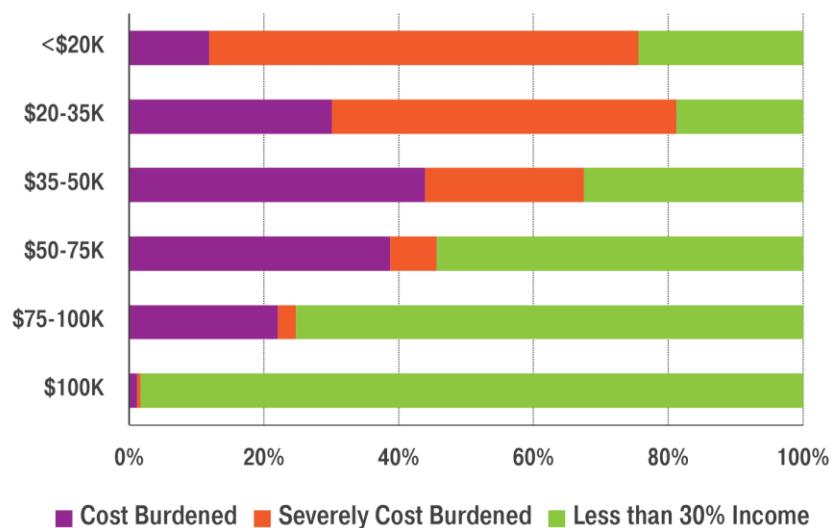
Across the region, approximately 1 in 2 (46 percent) of renters are cost burdened or severely cost burdened. Generally, renters across the region experience higher levels of cost burden than homeowners. Close to half of all renters in King County (44 percent), Kitsap County (48 percent) and Pierce County and Snohomish County (49 percent) are cost burdened. The proportion of cost burdened and severely cost burdened renters rises dramatically for lower income households. The overwhelming majority (76 percent) of lower and moderate-income renters – households with less than \$50,000 annual income— are cost burdened or severely cost burdened. Cost burden drops off markedly for renters with an annual income of \$75,000 or more.

Figure 96: Cost Burdened Renter Households, 2018



Source: American Community Survey 5-Year Estimates

Figure 97: Cost Burdened Renter and Owner Households, 2018

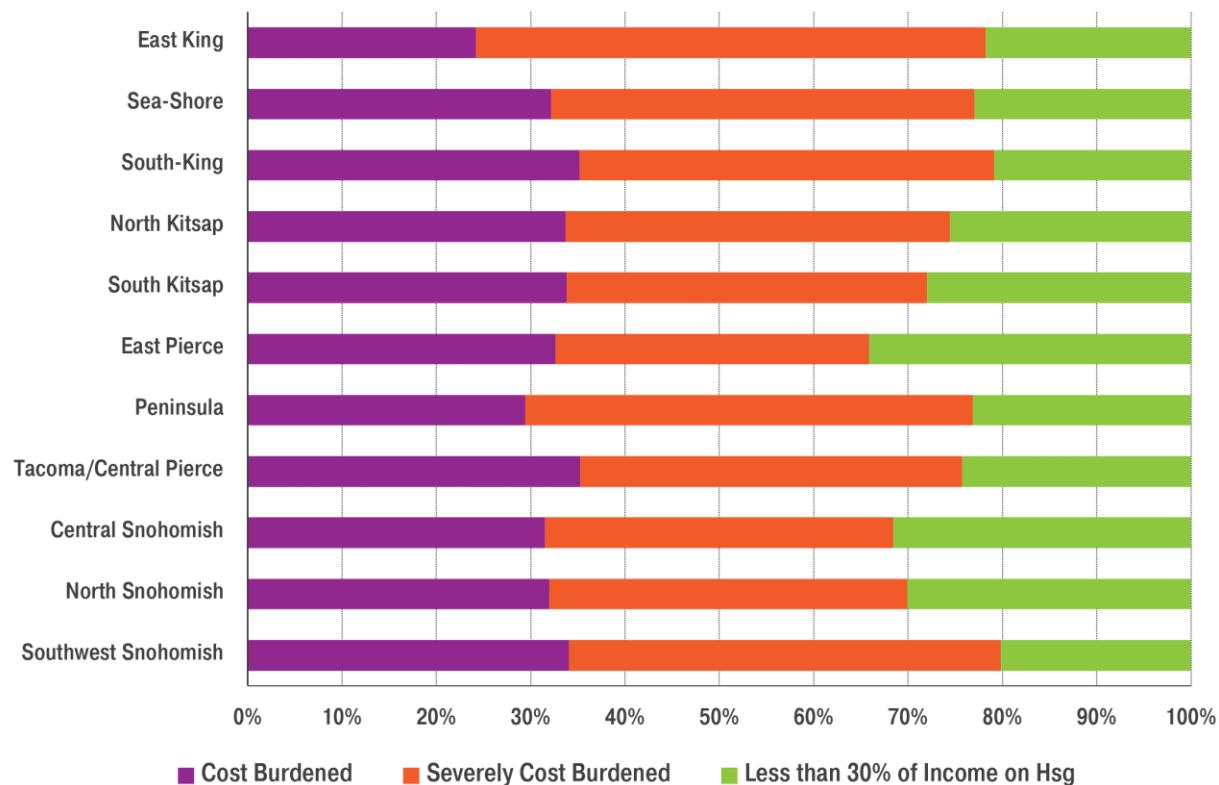


Source: American Community Survey 5-Year Estimates

Note: Households “Not Computed” is less than 1 percent for each subarea and not shown on in the figure

The affordable housing challenge is not distributed evenly among residents based on income, race, age, or household size, nor is it evenly spread geographically. The disparities are most stark when looking at low-income residents who are severely cost burdened, or those paying more than half of their income on housing. Low-income households who are severely cost burdened struggle regularly to make housing payments and are at an extremely high risk of homelessness if a household crisis arises. Without the ability to save for a rainy day, one health care bill, car repair need, or employment gap could force a household into homelessness. While lack of affordable housing is not the only cause of homelessness, affordable housing and homelessness are inextricably linked.

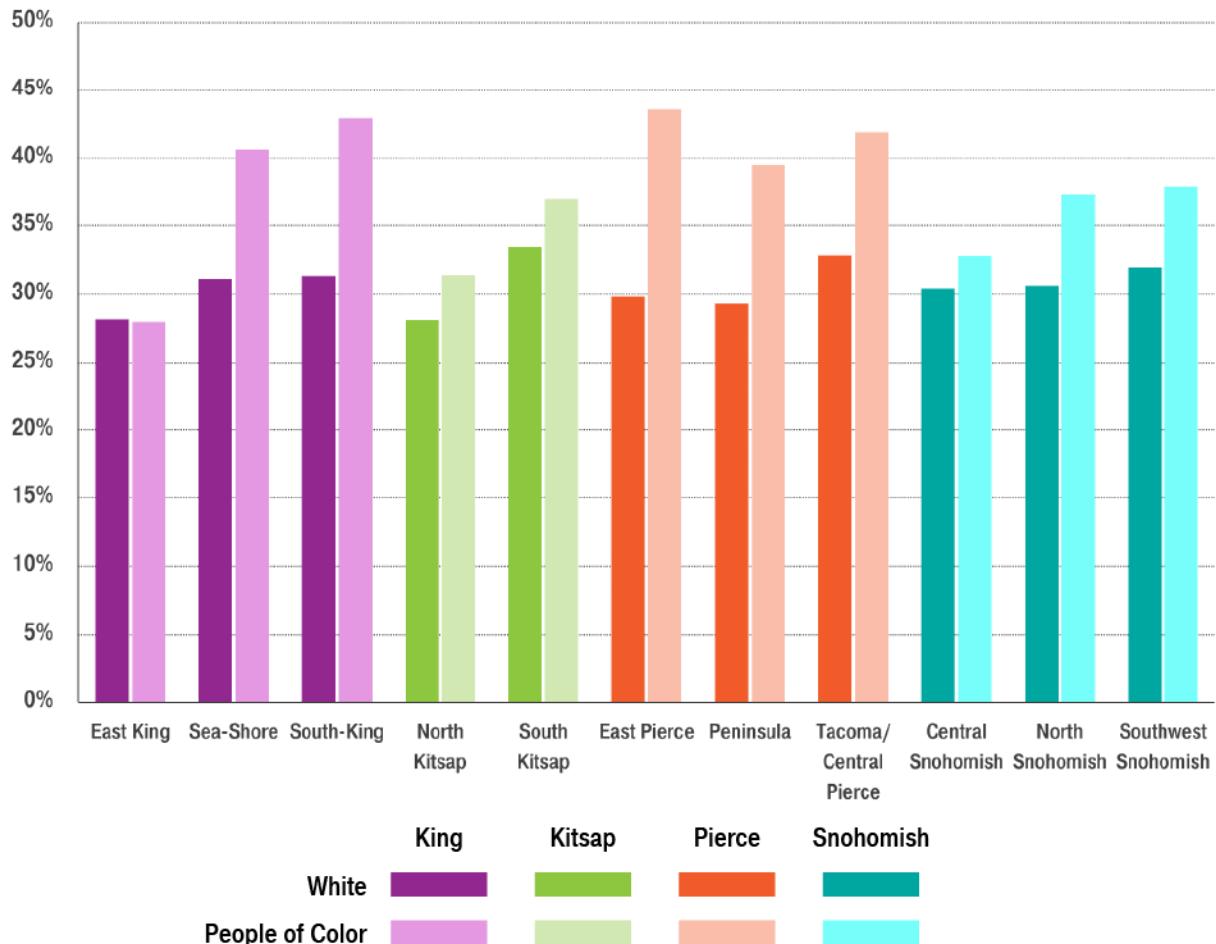
Figure 98: Cost Burdened Households Earning Less than \$50,000, 2018



Source: American Community Survey 5-Year Estimates

Note: Households “Not Computed” is less than 1 percent for each subarea and not shown in the figure

Figure 99: Cost Burdened Renter Households by Race/Ethnicity, 2016



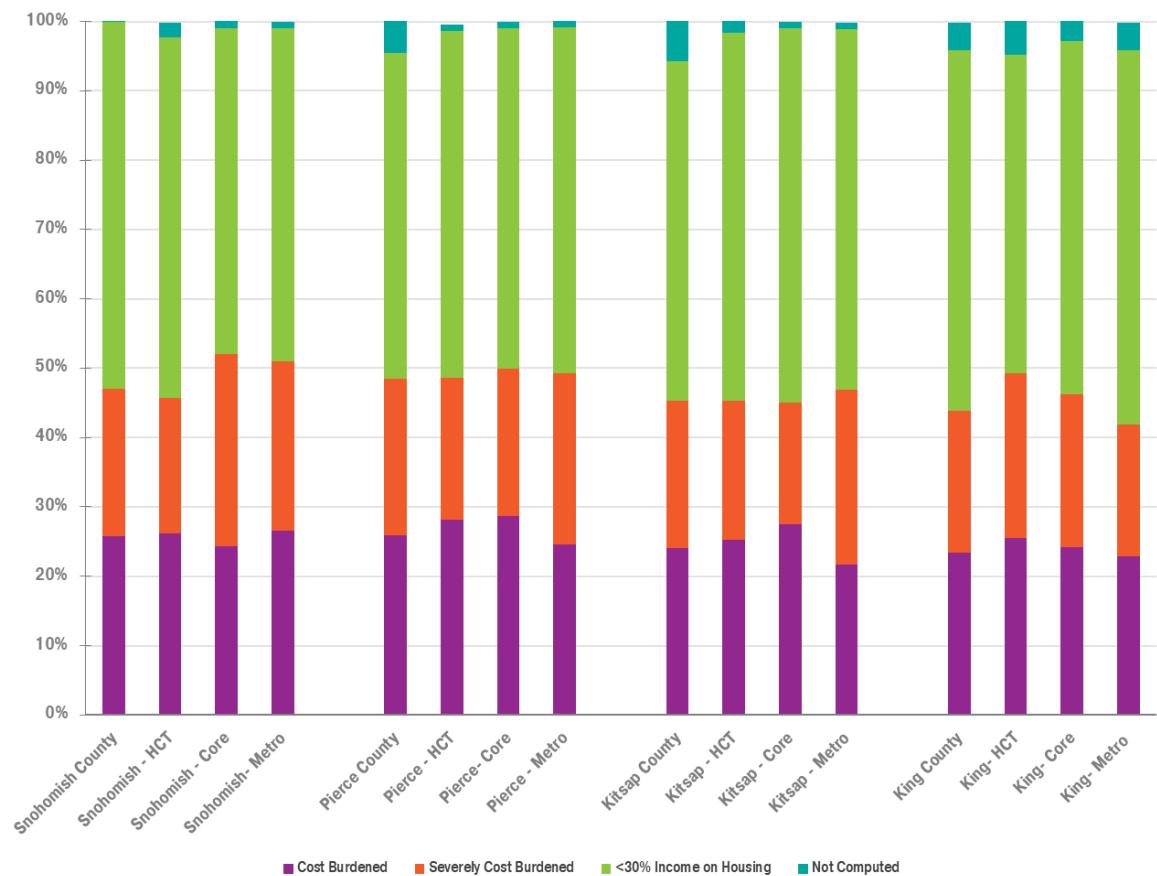
Source: Comprehensive Housing Affordability Survey, 2012-2016

Cost burden varies by the race/ethnicity of households, as highlighted in Figure 99. Overall, American Indian, Black, and Hispanic/Latinx households are more likely to be cost burdened, regardless of housing tenure. Close to half of all Black, Hispanic/Latinx and American Indian renter households pay more than 30 percent of their incomes on housing. When looking at low-income households, those making less than \$35,000 annually, the majority of renters are severely cost burdened, with little variation by race. Section 4 of this report discusses combined housing and transportation costs. For many households, transportation is the second largest expenditure, and a combined look at housing and transportation provide more context on overall community affordability and cost trade-offs.

Cost burden by regional geography is consistent with regional trends, as shown in Figure 100, with about one in two renters pays more than 30 percent of income on housing costs, indicating that the lack of housing affordable to moderate and lower-income households is an issue across the region,

regardless of the size or location of a city. There are slightly greater rates of cost burden in Core cities in Snohomish County and lower rates across Kitsap County.

Figure 100: Cost Burdened Renter Households Earning Less than 80 Percent AMI by Regional Geography, 2018



Source: American Community Survey 5-Year Estimates

8.7 AFFORDABILITY NEEDS

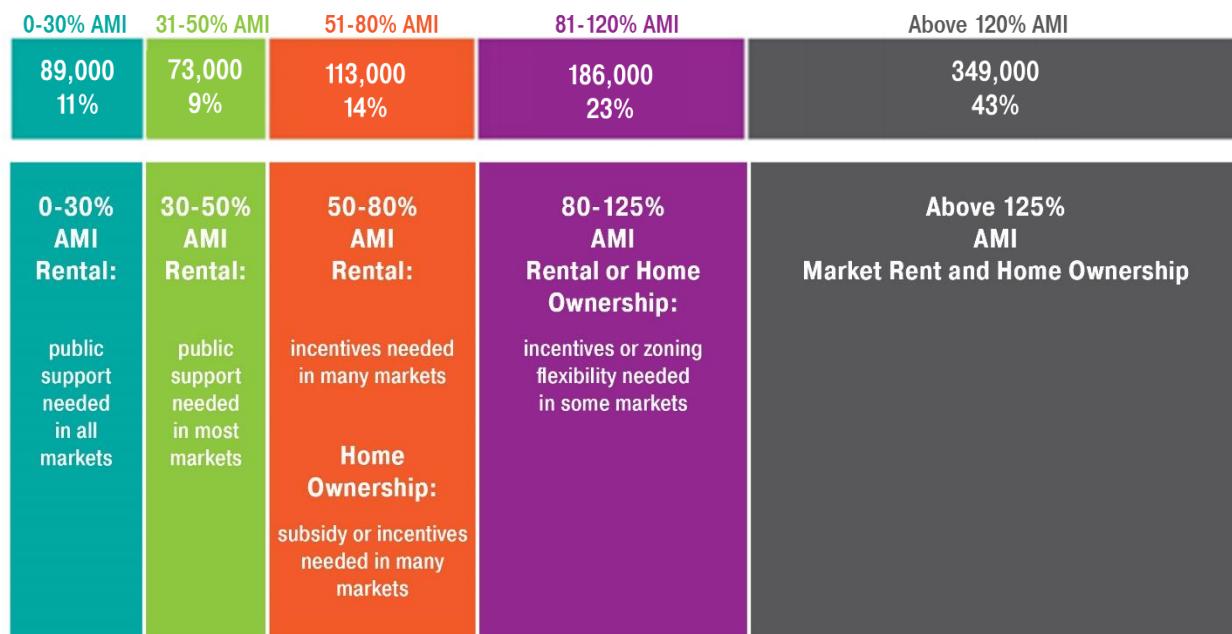
Providing housing affordable to households earning different incomes requires different approaches. To craft effective strategies, it is imperative to understand the types and cost of housing needed in a community relative to the supply of housing available to households at each income level.

Future household incomes cannot be accurately predicted but are likely to be similar to those today. Today, 31 percent of the region's households pay at least 30 percent of their income towards housing, and 60 percent of these cost-burdened households are moderate to low-income. In the future, demand by lower income households is anticipated to be similar to today, with 11

percent of households at the extremely low-income level (0-30 percent AMI) and 27 percent at low to moderate income levels (31-80 percent AMI).³⁵

Applying these shares to the total housing units needed to accommodate future population growth through 2050 (810,000 units) means the region will need to produce 275,000 units affordable at 80 percent or less median income.”

Figure 101: Anticipated Future Housing Need by Income Group, 2020- 2050



Source: American Community Survey Public Use Microdata Sample

Providing affordable units for very low-income residents and providing housing options for residents experiencing homelessness cannot be fully addressed by the private market alone. Public intervention is necessary to ensure housing units are affordable to households at the lowest income levels now and in the future.

The amount of housing needed now and out to the year 2050 has been calculated with an affordability lens in two ways: income level analysis and to alleviate cost burden for households earning less than Area Median Income. Both types of analysis emphasize the need for more housing affordable to lower income households, now and in the years to come. Simply put, the region cannot fully address affordability needs until the housing needs of extremely low-income (less than 30 percent AMI) households are met. Addressing the needs of the lowest income households will cause a chain reaction, freeing up more moderately priced housing units that are more affordable for households at higher income thresholds. The current housing crisis is not

³⁵ 2016 ACS 1-YEAR PUMS.

something that we can “build out way out of” with market rate housing alone. This will require significant incentives, subsidies, and funding as the private market cannot produce housing affordable to these households without public intervention.

Income Level Analysis

The income level analysis determines current need by calculating the gap between households and available housing units by AMI category: 0 – 30 percent, 31 – 50 percent, 51 – 80 percent, 81 – 100 percent, 101 – 120 percent, and more than 120 percent. Future need is determined by estimating housing units needed at each AMI level to accommodate future population growth identified in the Housing Supply analysis. Total need for households below 80 percent AMI is found by adding current and future need to determine total need. The income level analysis does not account for down renting³⁶.

Figure 102 shows the number of housing units affordable to households within different income categories. There is a significant lack of housing units affordable to households earning less than 50 percent AMI. As a result, very low and low-income households face a lack of affordable units, requiring residents to rent more expensive units.

Figure 102: Current Housing Need by Income Level, 2017



Source: American Community Survey Public Use Microdata Sample

³⁶ Down renting refers to households often seeking the most affordable housing options possible. For example, a household earning 100percent AMI may choose to rent an apartment that is affordable to a household earning 80percent AMI. Thus the 100percent AMI household saves on housing costs, but a household earning 80percent AMI may be forced to rent an apartment that is not affordable if a more affordable unit is not available.

Looking ahead, over one-third of new units will need to be affordable to households earning less than the median income in order to meet affordability needs. In most housing markets across the region, these more affordable units will require some level of subsidy or incentive to be affordable to moderate- and lower-income households.

Figure 103: Housing Units Needed by Income Level, 2020-2050

AMI Category	King		Kitsap		Pierce		Snohomish	
	# of units	% of new units	# of units	% of new units	# of units	% of new units	# of units	% of new units
0-30% AMI	48,000	11%	4,000	9%	18,000	11%	20,000	11%
31-50% AMI	37,000	9%	3,500	8%	14,000	9%	17,000	9%
51-80% AMI	51,000	12%	7,000	16%	26,000	16%	27,000	15%
81-100% AMI	53,000	13%	4,000	9%	18,000	11%	30,000	16%
101-120% AMI	36,000	9%	5,000	12%	18,000	11%	21,000	11%
Above 120% AMI	194,000	46%	19,000	45%	68,000	42%	71,000	38%
All Households	419,000		42,500		162,000		186,000	

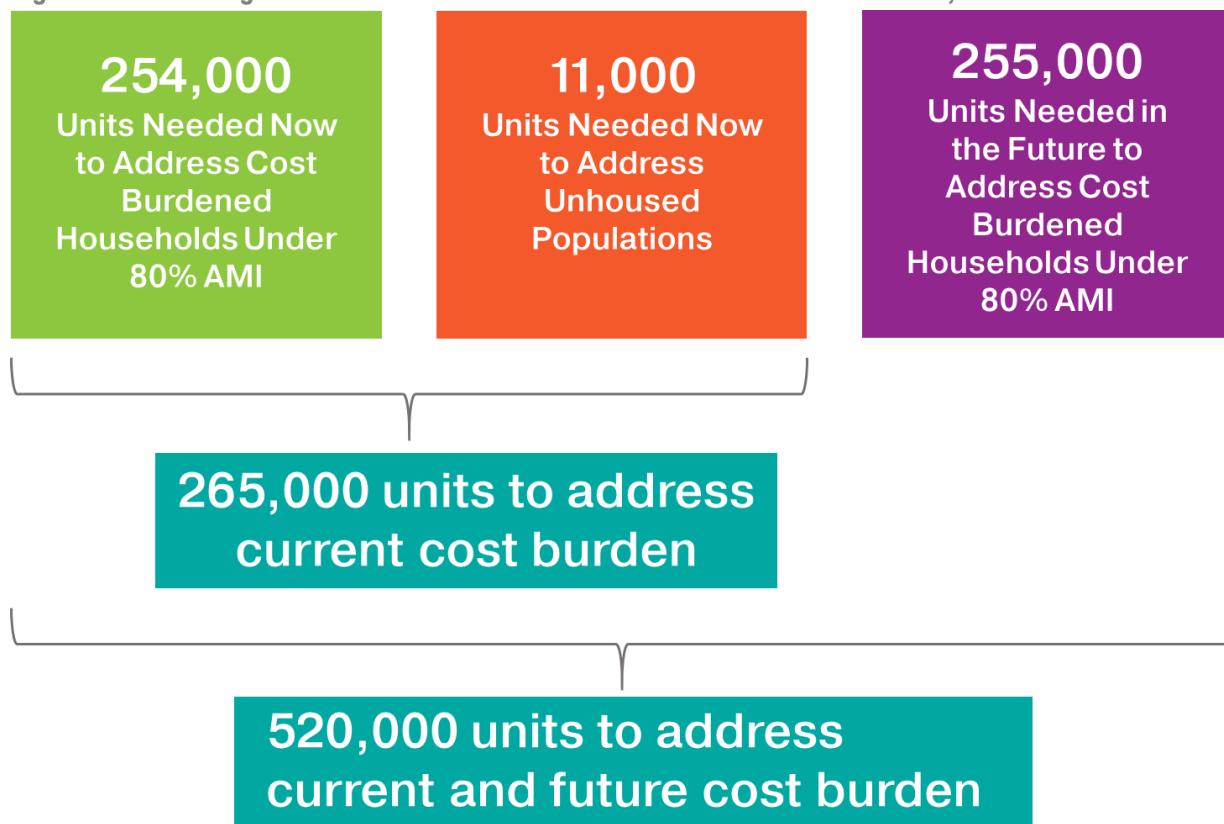
Source: American Community Survey Public Use Microdata Sample, PSRC

Cost Burden Analysis

The cost burden needs analysis seeks to identify the number housing units needed to ensure low-income households do not pay more than 30 percent of income on housing costs. The cost burden needs analysis determines current need by estimating the housing units needed to eliminate cost burdened households up to 80 percent AMI and people experiencing homelessness today. Future need is determined by estimating future households at each median income level commensurate with estimates of future population growth from the Housing Supply analysis. Total need is found by adding current and future need to determine total need.

Figure 104 shows the number of units needed now and, in the future, to ensure households earning less than 80 percent AMI are not cost burdened – paying no more than 30 percent of income on housing costs such as rent, mortgage, utilities, or parking fees. The cost burden methodology estimates that for households below 80% AMI, there is a current shortage of 265,000 units including 11,000 units to address unhoused individuals and families. The methodology also estimates that an additional 255,000 units affordable to households below 80% AMI will be needed to address future population growth, for a total of 520,000 units altogether.

Figure 104: Housing Units Needed to Address Current and Future Cost Burden, 2020-2050



Source: PSRC

9 CONCLUSION AND NEXT STEPS

The purpose of this analysis is to get an estimated idea about current and future needs to help inform the Regional Housing Strategy and potential policy and program changes. The housing needs identified in this analysis point to a variety of potential implications to be considered moving forward.

PSRC's boards will use this and other information to shape the Regional Housing Strategy. The strategy will evaluate potential tools and actions to help local jurisdictions better understand their roles in local and regional housing work. It will describe the types of intervention needed, where, and at what scale to address gaps identified in the needs assessment. Tools and actions will need to specifically address centers and areas served by high-capacity transit where the majority of growth is anticipated, and various other types of markets and places across the region.

Local governments have completed significant housing work at the county, subregional, and local scale, such as housing action plans funded by HB 1923, the King County Affordable Housing Committee, and Snohomish County Housing Affordability Response Team (HART). Yet, this

analysis and others identify persistent, regionwide challenges. PSRC will continue to coordinate with local jurisdictions to ensure the strategy amplifies existing work at the regional and local level and identifies targeted solutions.

More information on the Regional Housing Strategy is available online at

<https://www.psrc.org/regional-housing-strategy>.