



Puget Sound Regional Council

Regional Housing Strategy

Regional Housing Needs Assessment Executive Summary 2021



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Introduction

Housing is a basic need for every individual. Yet, residents in many communities in the region are facing an unprecedented challenge in finding and keeping a home that they can afford. Meeting the housing needs of all households at a range of income levels is integral to promoting health and well-being and creating a region that is livable for all residents, economically prosperous, and environmentally sustainable. Housing access and affordability continues to be a major challenge for the region, and limits the region in achieving other mobility, equity, environmental, and economic goals.

Housing access and affordability are key policy areas in VISION 2050, the region's long-range plan for growth. VISION 2050 calls for the region to better assess and address housing needs through a coordinated regional housing strategy and a regional housing needs assessment. The Regional Housing Needs Assessment (RHNA) seeks to answer the central question of "What are gaps between current and projected housing needs and housing supply?" The needs assessment 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.

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 reach a total population of 5.8 million by the year 2050. 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.

H-Action-1: Regional Housing Strategy:

PSRC, together with its member jurisdictions, state agencies, housing interest groups, housing professionals, advocacy and community groups, and other stakeholders will develop a comprehensive regional housing strategy to support the 2024 local comprehensive plan update. The housing strategy will provide the framework for regional housing assistance (see H-Action-2, below) and shall include the following components:

- In the near term, a regional housing needs assessment to identify current and future housing needs to support the regional vision and to make significant progress towards jobs/housing balance and quantify the need for affordable housing that will eliminate cost burden and racial disproportionality in cost burden for all economic segments of the population, including those earning at or below 80 percent of Area Median Income throughout the region. This will provide necessary structure and focus to regional affordable housing discussions
- Strategies and best practices to promote and accelerate: housing supply, the preservation and expansion of market rate and subsidized affordable housing, housing in centers and in proximity to transit, jobs-housing balance, and the development of moderate-density housing options
- Coordination with other regional and local housing efforts

Regional Housing Needs Assessment Report Overview

A key component of the Regional Housing Strategy is development of a housing needs assessment that 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. In addition to building a common understanding of current conditions within the region, the findings of the needs assessment will inform the strategy.

The Regional Housing Needs Assessment relies primarily on quantitative data of current housing conditions and trends in the region. It also includes the first-hand experiences of residents dealing with the day-to-day impacts of rising housing costs and their preferences, needs, and experiences with the housing market. Residents' lived experience of how systems impact their lives expands the housing conversation and adds a vital perspective that helps the region avoid unintended consequences. PSRC held focus groups to review findings from the Regional Housing Needs Assessment, to solicit more experiences, and to provide personal dimensions of the housing issues identified in this needs assessment. Feedback from the focus groups is incorporated into the Regional Housing Needs Assessment.





Key Findings

It is increasingly difficult for people living and working in the central Puget Sound region to find housing that is affordable. There are significant, regionwide challenges and disparities in access to housing, with the most vulnerable residents in the region shouldering the burden. The following key findings from the forthcoming report highlight the critical need for more housing across the region:

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**

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.

Figure 1: Housing Units Needed to Accommodate Growth, 2020-2050

King County – 418,000 units



Kitsap County – 43,000 units



Pierce County – 161,000 units



Snohomish County – 187,000 units



Source: PSRC



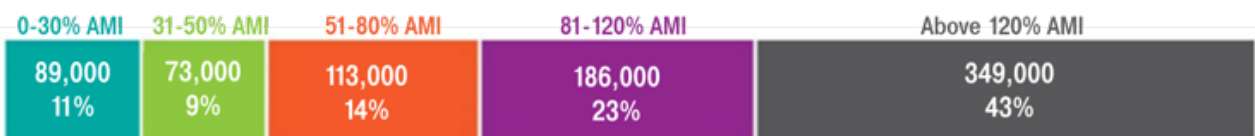
The region needs housing affordable to moderate and low-income households now and as the region grows. Addressing affordability needs will most likely require some level of public incentive for 34% of new housing – ranging from more flexible zoning standards to direct subsidy – to ensure new units are affordable to households earning less than the median income.

Figure 2: Households and Housing Units by Income Level, 2017



Source: American Community Survey Public Use Microdata Sample

Figure 3: Housing Units Needed by Income Level, 2020-2050



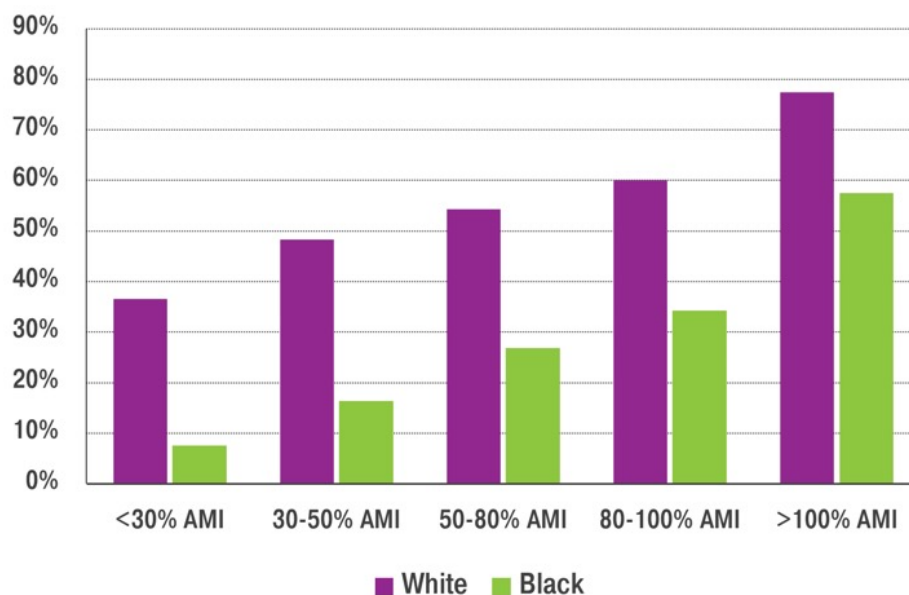
34% of new housing units need to be affordable to moderate and lower incomes

Source: PSRC



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.

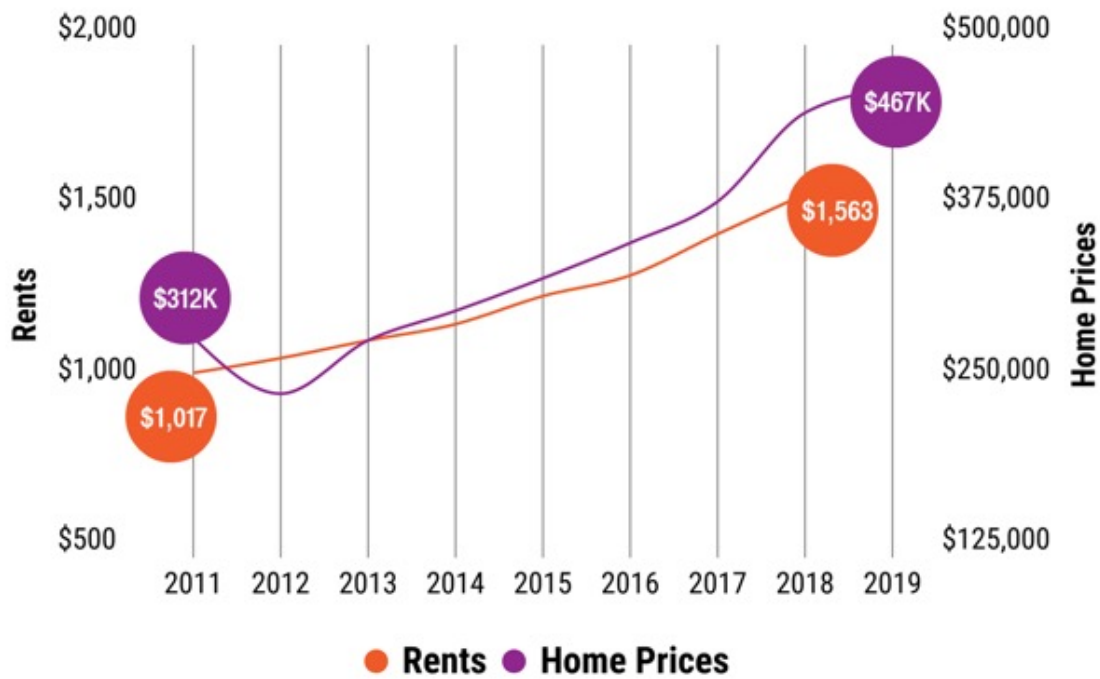
Figure 4: Homeownership by Race/Ethnicity and Income Level, 2013-2017



Source: HUD Comprehensive Housing Affordability Strategy (CHAS)

Housing prices have risen at an unprecedented rate over the past decade and have outpaced increases in income. From 2011 to 2019, rent increased 53% and home values increased 67%, making rent and homeownership increasingly unaffordable for a growing number of households.

Figure 5: Median Home Value and Rent, 2011-2019

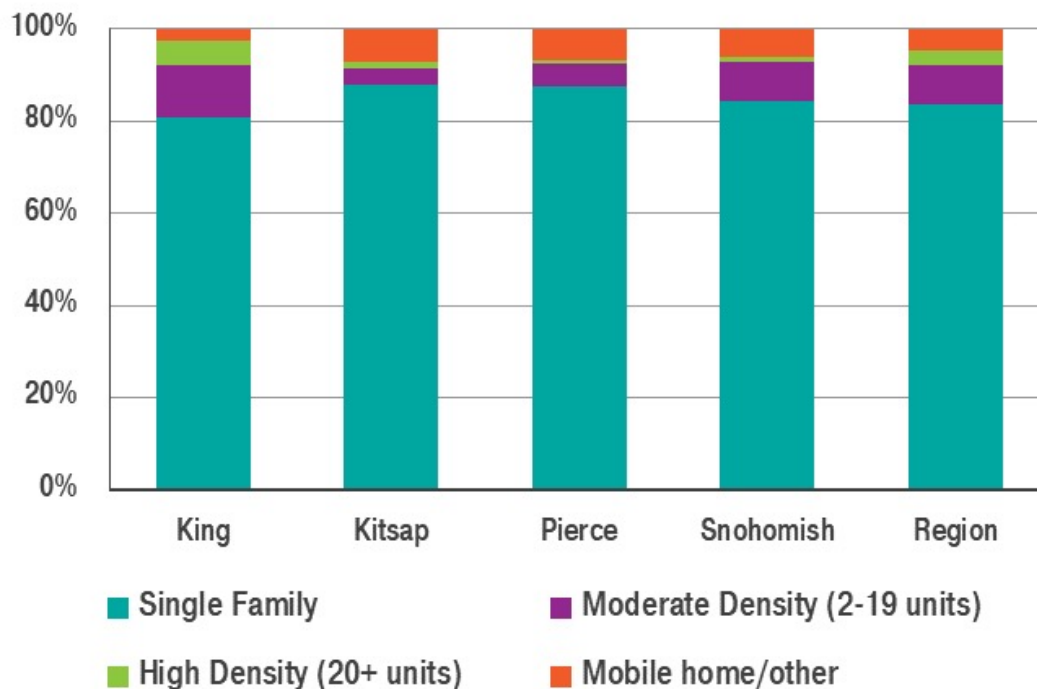


Source: American Community Survey, Zillow



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.

Figure 6: Owner Occupied Housing Units by Housing Type, 2018



Source: American Community Survey

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.

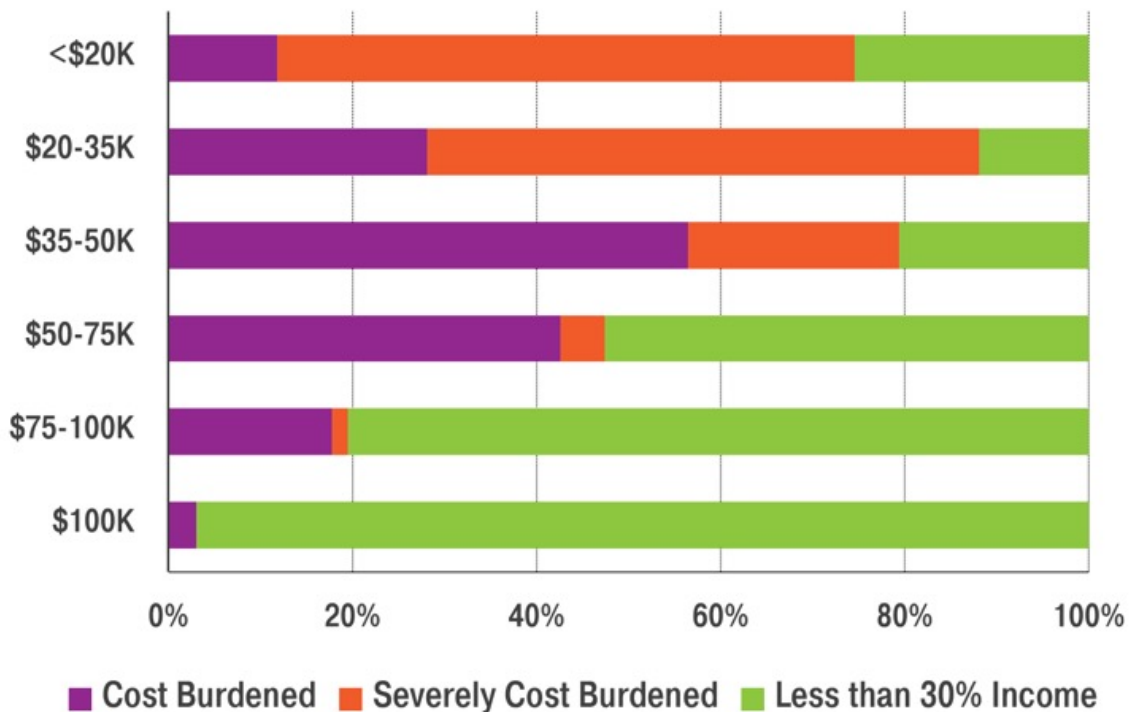
The makeup of the region's households and housing needs is changing. Only 1/3 of households have children and just over 1/3 of households include seniors. A housing stock built for the needs of previous generations may not fully serve a growing and changing region.

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.

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, and medical costs.



Figure 7: Cost Burdened Renter Households, 2018



Source: American Community Survey

Next Steps

The Regional Housing Needs Assessment summarizes the challenges for the region and will inform decisions about how to address current and projected gaps through coordinated action. How should the region address these challenges? What are the opportunities and priorities for local governments, PSRC, and other stakeholders?

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 HB 1923 funded housing action plans, 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>.



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