



Puget Sound Regional Council

Housing 101

Creating a Shared Understanding

Creating a shared understanding when we talk about housing

Housing is a complex topic that has a long history and uses specific terminology. This presentation summarizes key terms and grounding information to provide stakeholders with a common language as work moves forward on the Regional Housing Strategy. This overview covers:

- Key Terms
- Role of Government
- Housing and Equity
- VISION 2050





Key Terms



Key Terms

The following slides provide definitions for commonly used terms. This is by no means an exhaustive list of housing terminology. The key terms provided are relevant to the development of the Regional Housing Strategy. A shared understanding of these terms may help to guide future policy discussions.

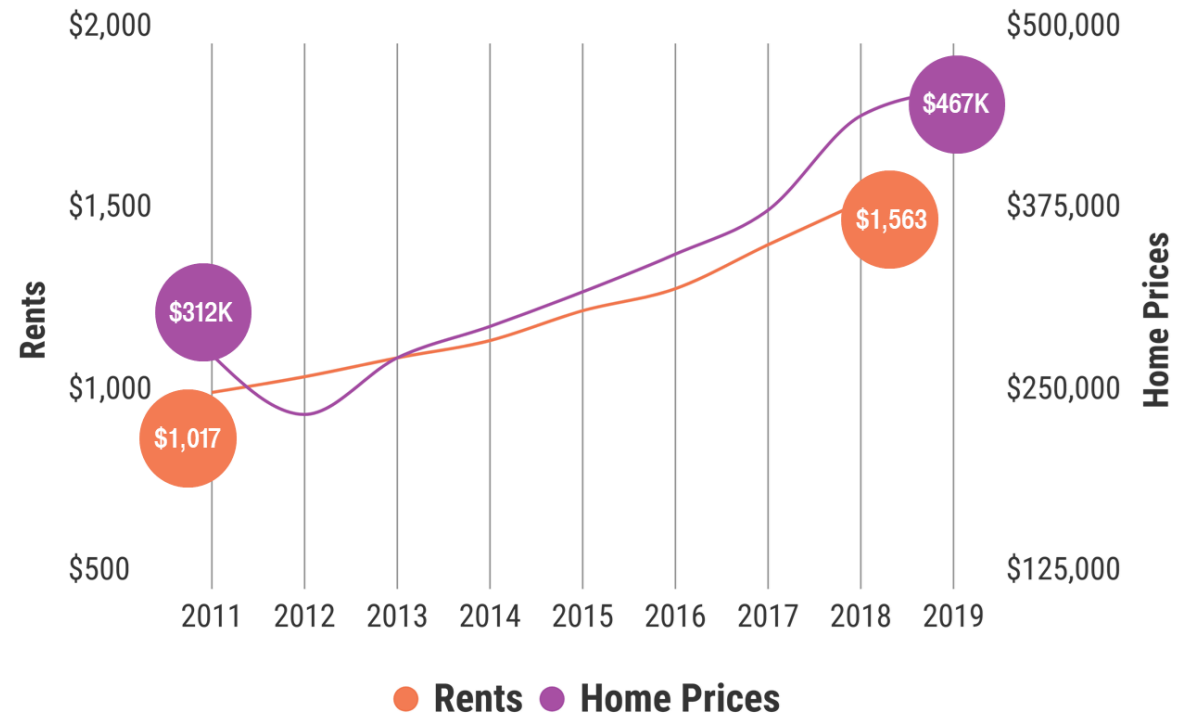
The following agencies and their various reports were consulted for the key terms: A Regional Coalition for Housing (ARCH); Municipal Research and Services Center of Washington (MRSC); Snohomish County Tomorrow; VISION 2050; and U.S. Department of Housing and Urban Development.

- ❖ For a complete list of terms and definitions related to housing, please see [PSRC's Housing Glossary](#)



Housing Affordability vs. Affordable Housing

Affordable housing and housing affordability are similar-sounding terms that point to different issues and solutions. For this project:



Source: Zillow

Affordable housing measures individual housing costs as a percentage of personal income. Housing is considered unaffordable when a household's monthly housing costs exceed 30% of gross income. This term often refers to housing affordable to households below median income.

Affordable housing units refer to subsidized units for households making below the median income. Development and preservation of affordable housing units often requires public investments and incentives.

Housing affordability is a neighborhood or region-wide measure of housing prices compared to the general level of household or family incomes. Housing affordability is shaped by many factors in the real estate and rental market, and a variety of regulatory and financing tools can be used to provide housing for all income groups.

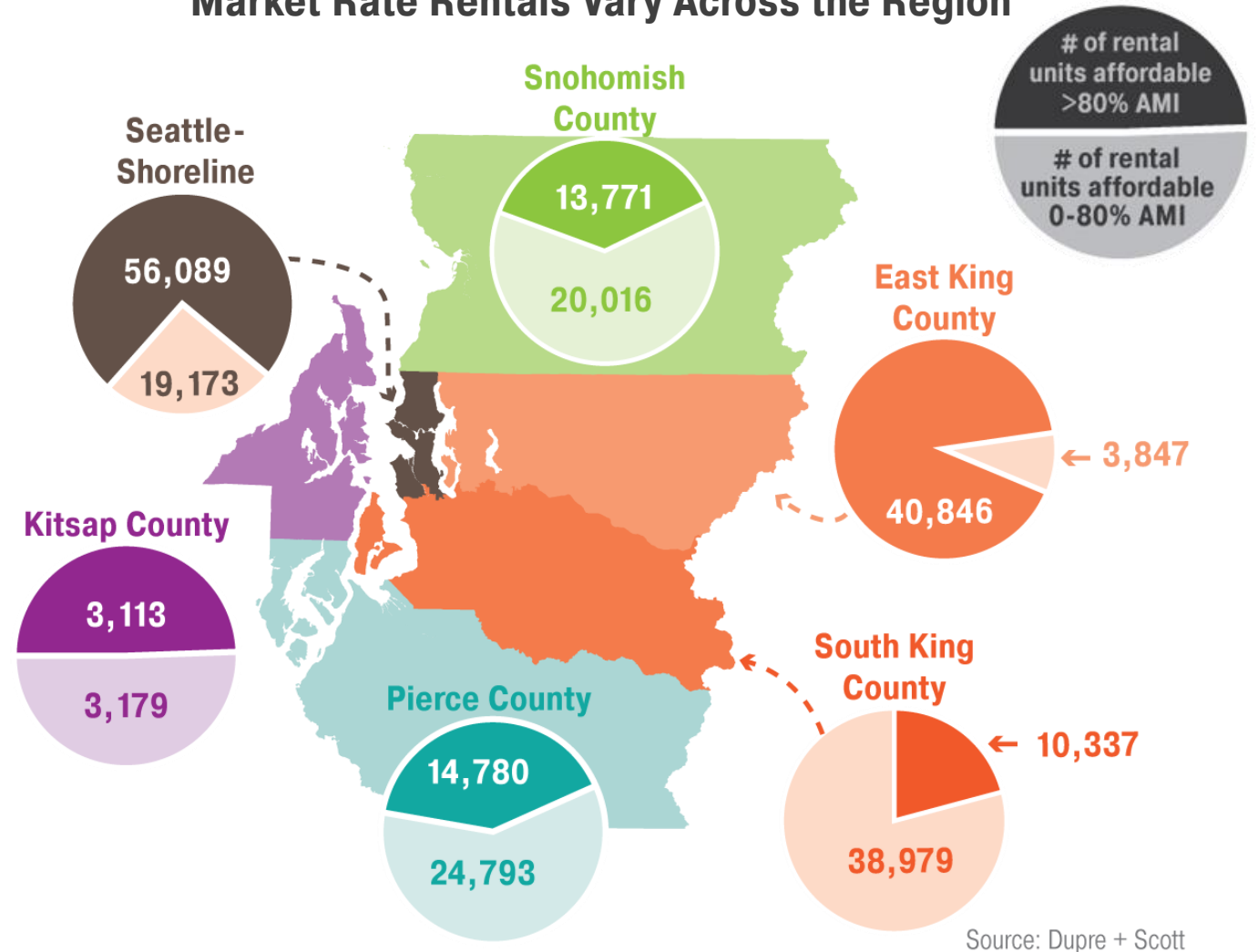


Market-rate Housing

Market-rate housing units are those whose price is determined by market factors like supply and demand, as opposed to price limits imposed by state or local affordable housing programs.

- ❖ Below market-rate housing units are subject to rental price limits imposed by state or local affordable housing programs or incentives.
 - For example, the US Department of Housing and Urban Development publishes rent limits for its affordable housing programs based on the household income that the units serve.

Market Rate Rentals Vary Across the Region



Subsidized Housing

Subsidized units have a portion of their cost offset through federal, state, or local funds and/or financial support that ensure long-term rent or income restrictions. These subsidies provide affordable housing that the private market does not.

- ❖ Subsidized units are typically targeted to meet the needs of low and very low-income households as well as those who need specific services.

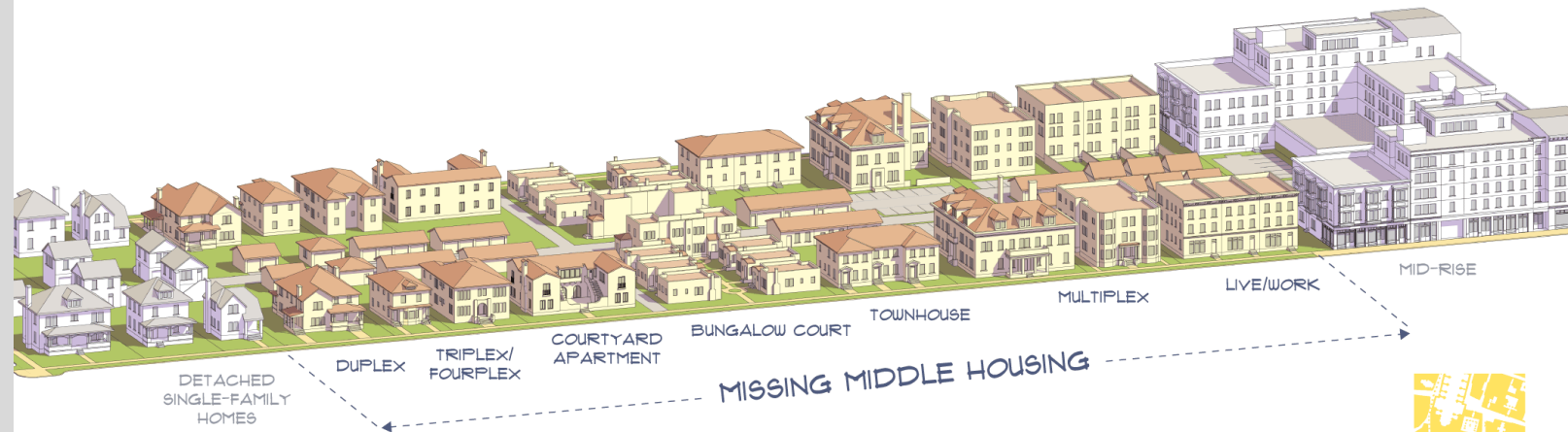


Moderate Density Housing

(Missing Middle)

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. The relatively small share of these housing types is sometimes called the “missing middle.”

- ❖ The majority of the region’s housing stock is single-family units.
- ❖ Allowing more housing in single-family neighborhoods provides opportunities for a wider range of residents to live in these neighborhoods and can help to slow displacement.



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Special Needs Housing

Housing arrangements for populations with special physical or other needs. These populations include: the elderly, disabled persons, people with medical conditions, homeless individuals and families, and displaced people.

- ❖ While similar in name, special needs housing and special needs transportation are defined differently by the Federal government.



Area Median Income (AMI)

Area Median Income (AMI) measures the median, or middle, household income in a specific geography. Annually, the U.S. Department of Housing and Urban Development updates this figure. This number is the official figure used to determine income limits and maximum rent prices for government-funded affordable housing programs. In the central Puget Sound, AMI is commonly calculated at the county and/or Metropolitan Statistical Area (MSA) geographies.



Area Median Income Scenarios (King County)



Cook

A 3-person household under 30% AMI:

Cashier earning \$25,410, \$12.20/hr

OR

Home health aide earning \$25,864, \$12.40/hr



A 2-person household under 50% AMI:

Teacher earning \$37,447

OR

Restaurant cook earning \$30,281



Sources: King County, City of Redmond



Area Median Income Scenarios (King County)

2-person household under 80% AMI



Cook



Teacher

Full-time taxi driver
earning \$26,340

PLUS

Childcare worker
earning \$26,038



Full-time welder
earning \$48,548



Retired couple
earning \$42,200



Sources: King County, City of Redmond



Area Median Income Scenarios (King County)



Cook



Teacher



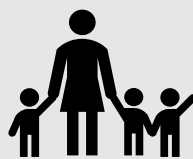
Firefighter

4-person household under 80% AMI

Accountant earning
\$69,940



Biologist earning
\$76,900



Full-time office clerk
earning \$37,566

PLUS

Security guard
earning \$32,427



Sources: King County, City of Redmond

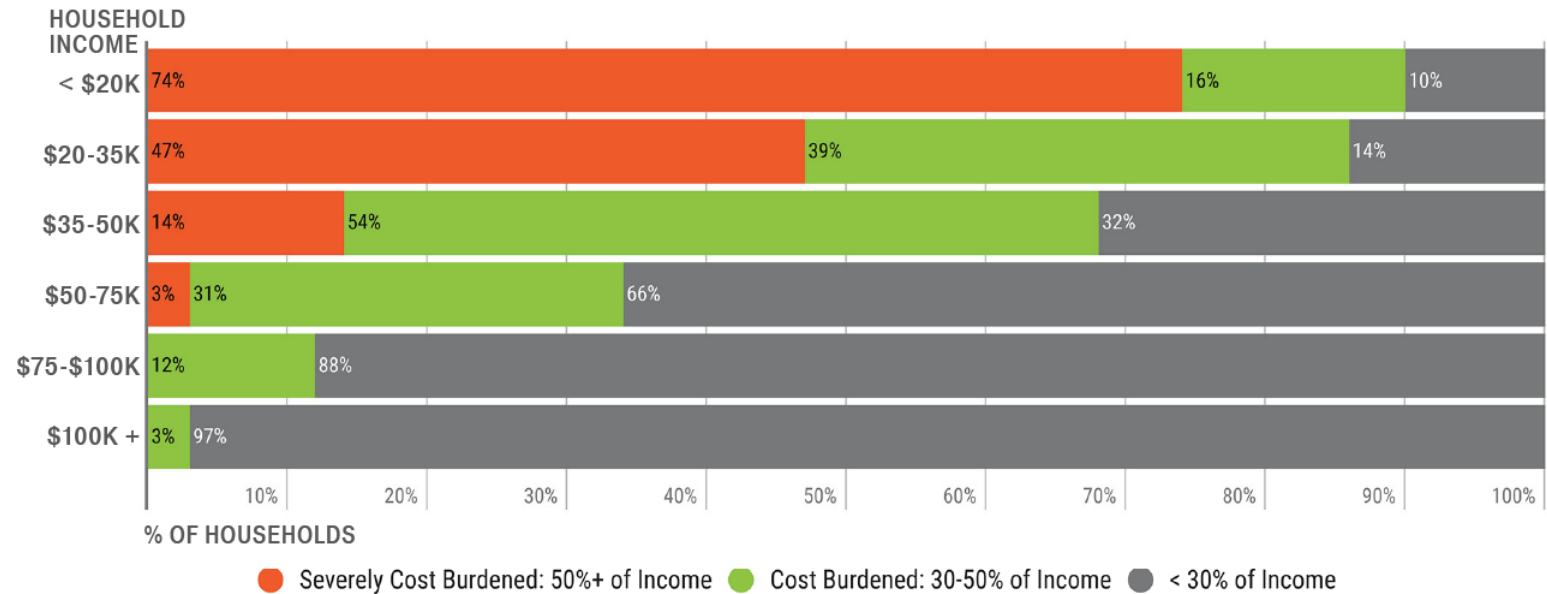


Cost Burden

A household is considered **cost burdened** if it pays **more than 30%** 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%** of its income on housing.

- ❖ A growing number of households spend the majority of their income on housing
- ❖ African Americans and Hispanics are disproportionately cost burdened
- ❖ Cost burden is a relative metric; a high-income cost burdened homeowner is less impacted than a low-income cost burdened renter

Cost Burdened Households



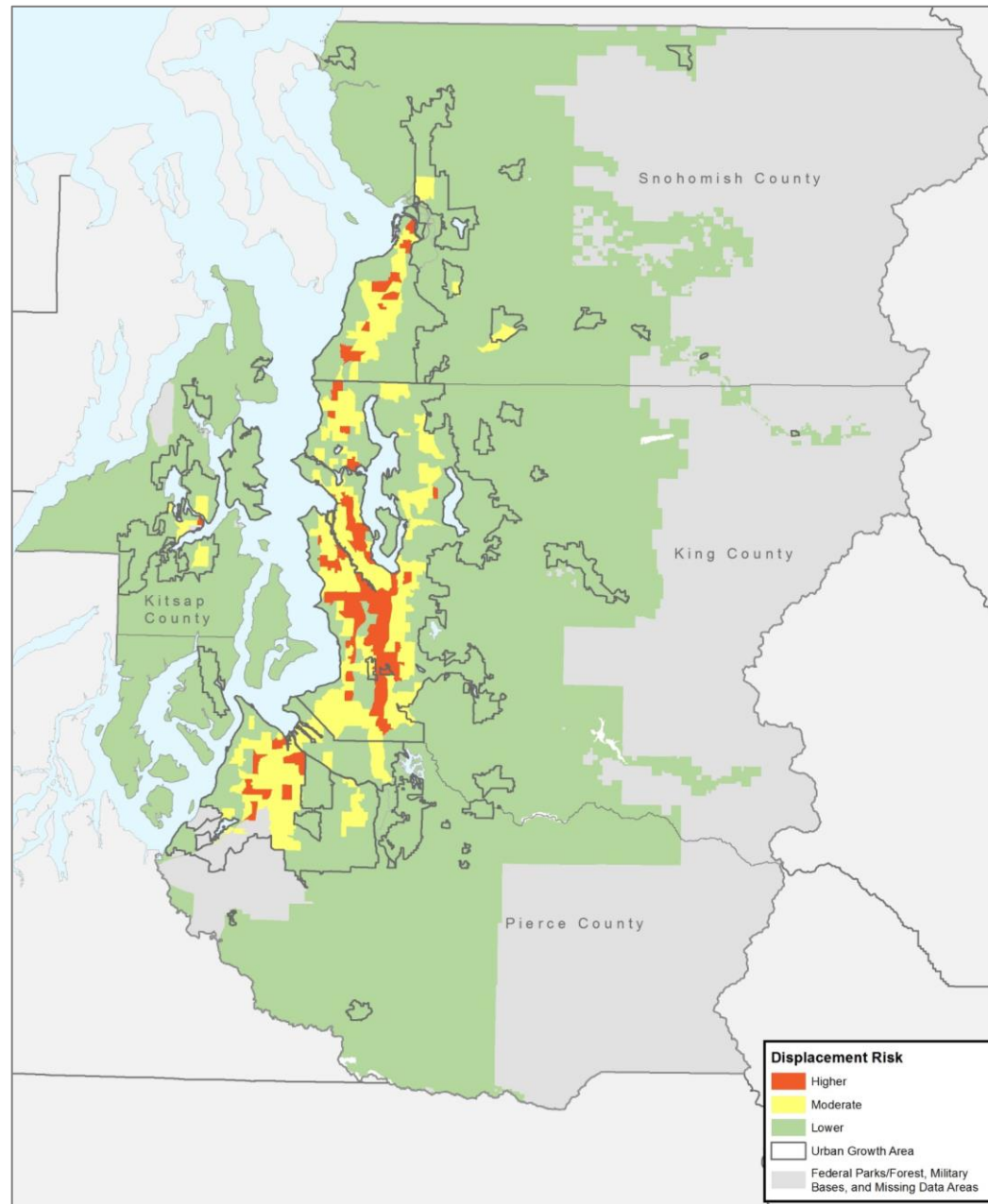
Source: ACS



Displacement

The involuntary relocation of current residents or businesses from their current residence. This is a different phenomenon than when property owners voluntarily sell their interests to capture an increase in value.

- ❖ Physical displacement is the result of eviction, acquisition, rehabilitation, or demolition of property, or the expiration of covenants on rent- or income-restricted housing.
- ❖ Economic displacement occurs when residents and businesses can no longer afford escalating housing costs.
- ❖ Cultural displacement occurs when people choose to move because their neighbors and culturally related businesses have left the area.



Displacement Risk Analysis

[PSRC created a tool to identify areas at greater risk of displacement](#) based on current neighborhood conditions:

- Socio-demographics
- Transportation qualities
- Neighborhood characteristics
- Housing
- Civic engagement



Housing Need

The amount of housing needed to ensure there are affordable, accessible, healthy, and safe housing choices for all residents. Need is often expressed as the number of units needed at various income thresholds.

In 2050, the region's residents will be...

Older



18% of the region's population will be over the age of 65 by 2050, up from 14% today.

More diverse



Between 2000 and 2016, 81% of the region's population growth was people of color.

In smaller households



In 2050 there will be 2.36 people per household on average, down from 2.50 today.

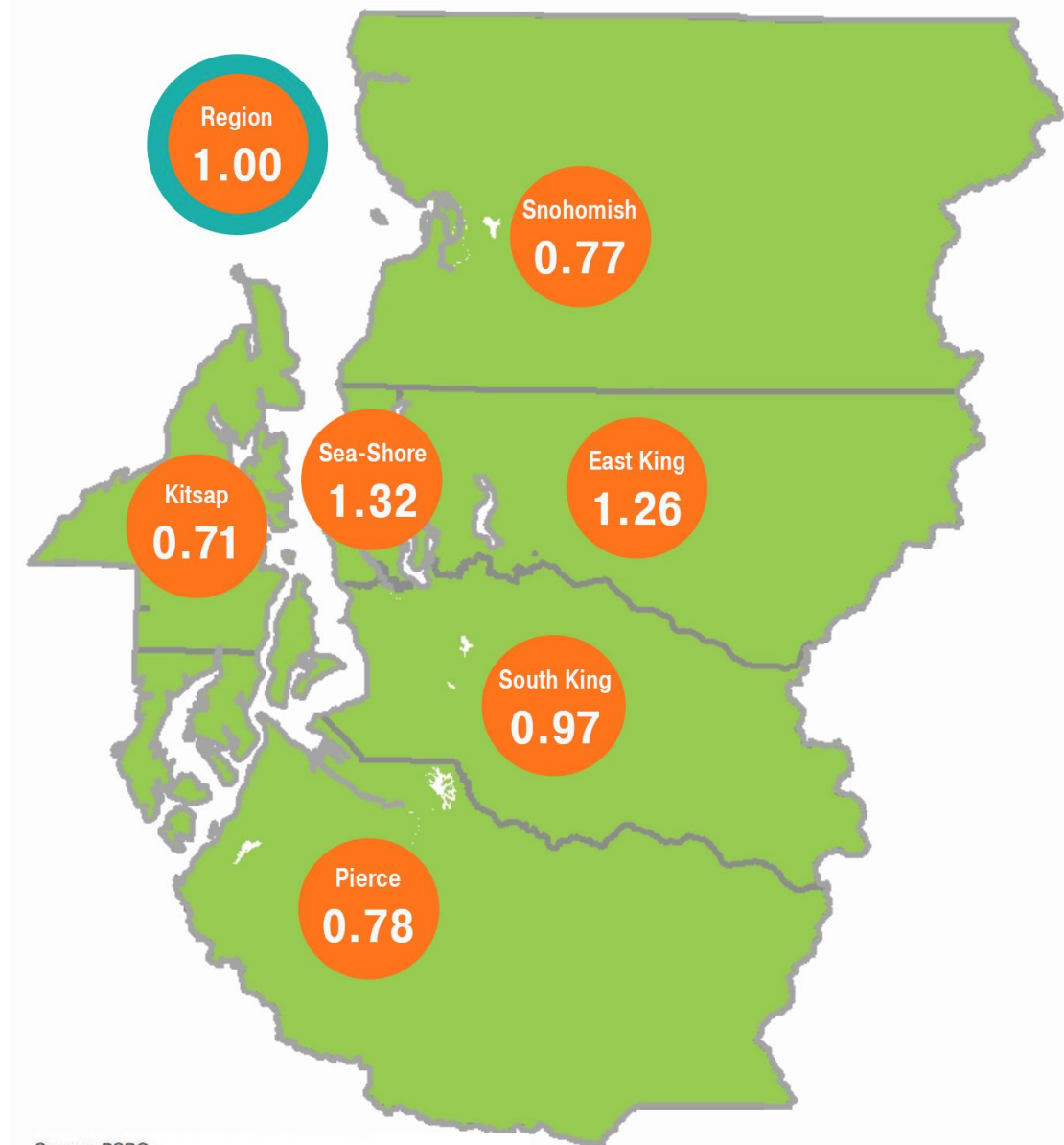


Jobs-Housing Balance

Jobs-to-housing ratios calculate the proportion of jobs relative to housing units in a specific area. This concept advocates that housing and employment be located closer together, with an emphasis on matching housing options with nearby jobs, so workers have shorter commutes or can eliminate 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 and the percentage of household income spent on transportation costs.

Job-Housing Ratio, 2017



Source: PSRC

¹ All jobs-housing ratios were indexed to the regional average.



An aerial photograph of a suburban neighborhood. The image shows a grid of streets with houses on either side. In the center, there is a park with green grass and some trees. A semi-transparent white box is overlaid on the center of the image, containing the title text.

The Role of Local Government in Housing



What role does local government play in housing?

Local governments play a critical role in housing, including its production. Local governments possess regulatory control over land use and development. They are key players, both individually and in cooperation with other housing interests, in stimulating various types of development activity.

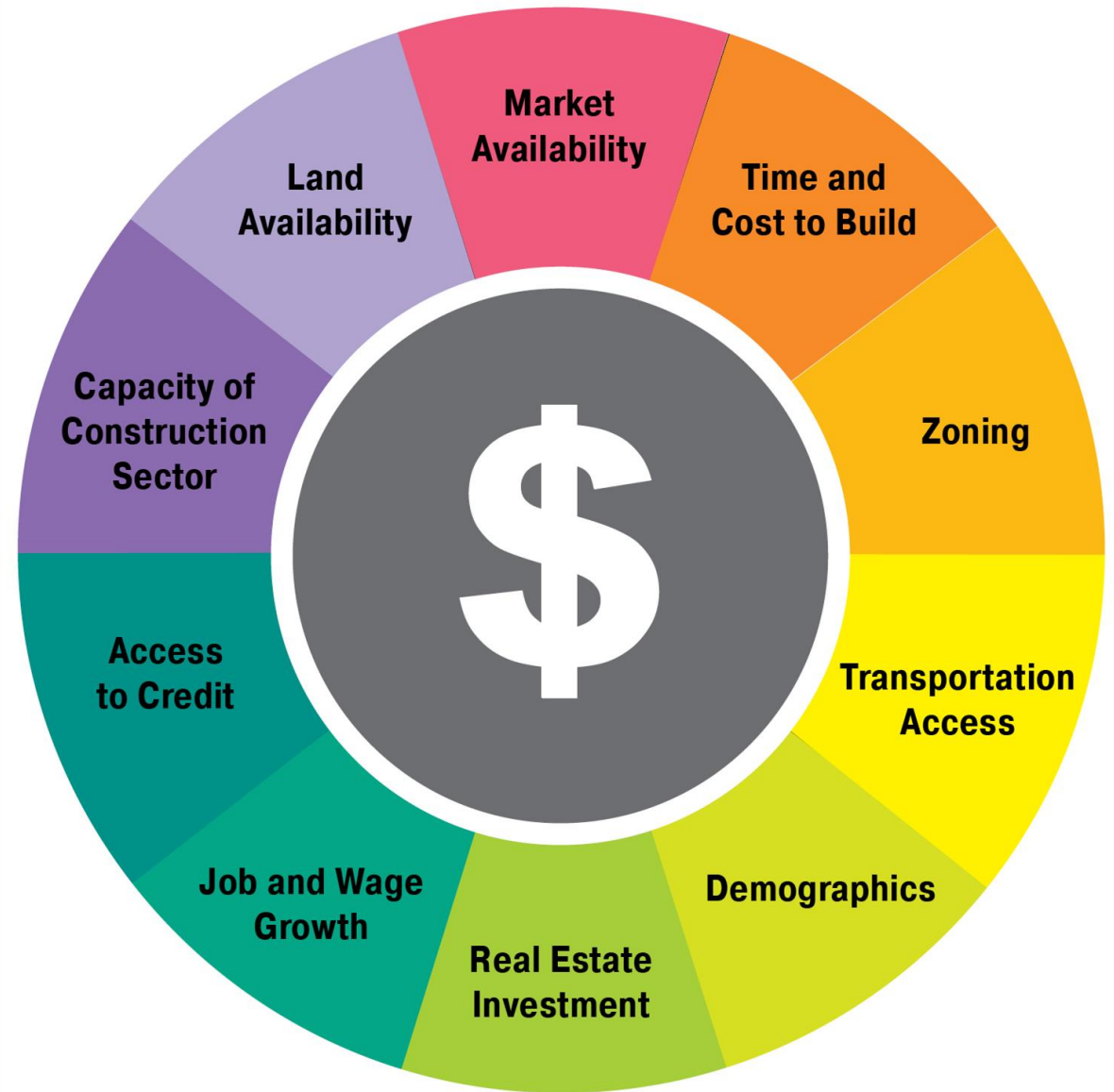


Many factors affect housing affordability

Local governments have a direct role in zoning and development regulations, but also affect housing in a number of ways, including:

- Direct funding of affordable housing (in some communities)
- Zoning and regulations for housing
- Permit procedures
- Long range planning and policies
- Infrastructure that facilitates housing development
- Transportation access
- Economic development

❖ See PSRC's [Housing Affordability Infographic](#) to learn more



State Role

The Growth Management Act sets goals and expectations for housing planning that provides an umbrella for regional and local housing actions

The Department of Commerce provides guidance and assistance through programs like capital funding and homeless prevention services.

The Washington State Housing Trust Fund provides funding to develop and preserve affordable housing for low-income and vulnerable residents.



PSRC Role

PSRC provides counties and cities with housing data, guidance, and technical assistance, to help them adopt best housing policies and implement VISION 2050.

PSRC supports jurisdictions in their development of housing targets, local housing strategies, and implementation plans.

Housing data and information tracking the success of various housing efforts are monitored and reported regionally at PSRC.



Role of Cities and Counties

Zoning, regulations, fees, and permit procedures directly influence where and how much housing can be built.

Local comprehensive plans implement GMA and VISION 2050 through local policies, goals, and targets.

Cities can also produce affordable housing through housing levies and funding contributions.

Data from local communities, including Buildable Lands and housing inventories, are crucial for the region's ability to address housing strategically.



Housing Partnerships

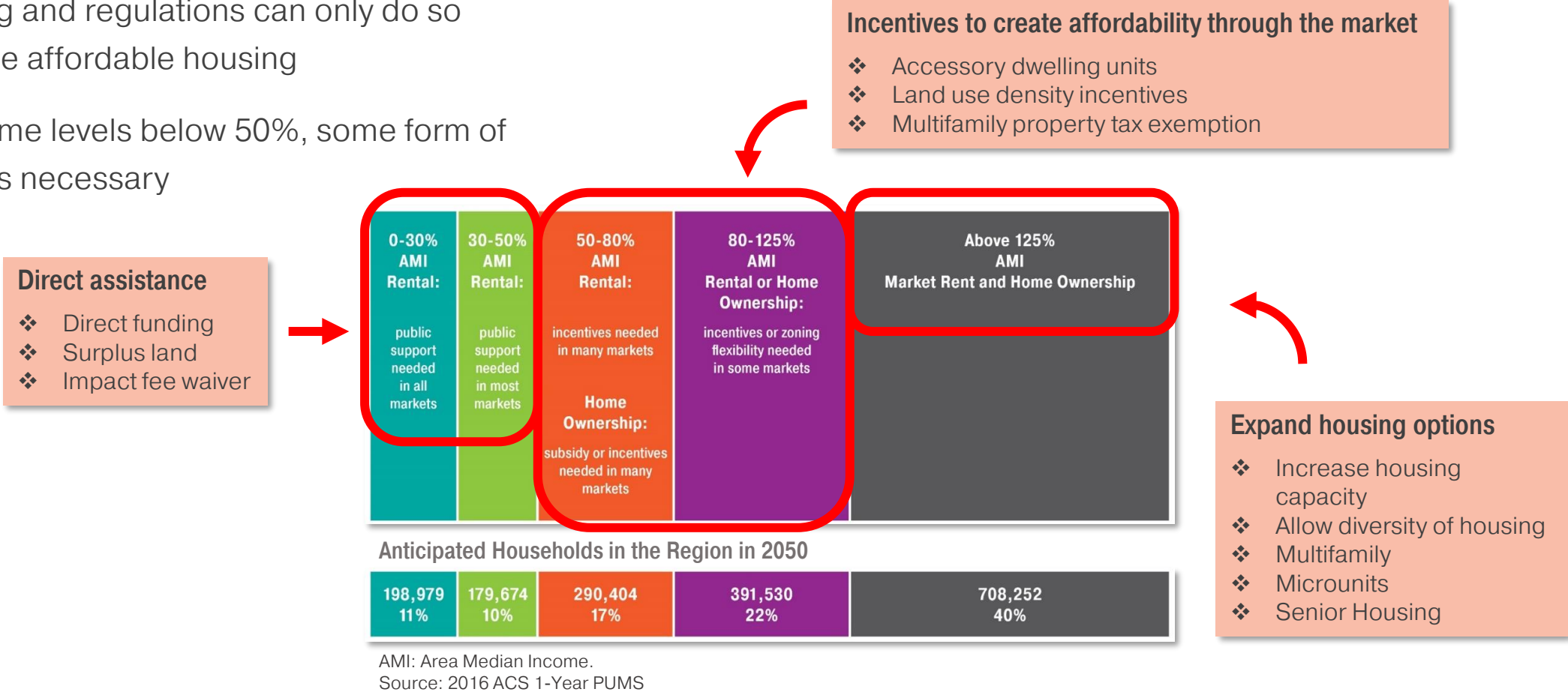
- [ARCH](#) is a partnership of King County and several East King County Cities to produce and support the development of affordable housing.
- [SKHHP](#) is a coalition created through interlocal agreement between jurisdiction in South King County to jointly address affordable housing and homelessness.
- [AHA](#) is a partnership of jurisdictions in Snohomish County working together to understand housing challenges and share resources to address them.
- [South Sound Housing Affordability Partners \(SSHAP\)](#) is a group of local jurisdictions in Pierce County exploring opportunities to coordinate and collaborate on affordable housing work.



Lower Housing Costs Require Greater Public Intervention

Local plans, zoning and regulations can only do so much to encourage affordable housing

At household income levels below 50%, some form of direct assistance is necessary



Equity & Housing

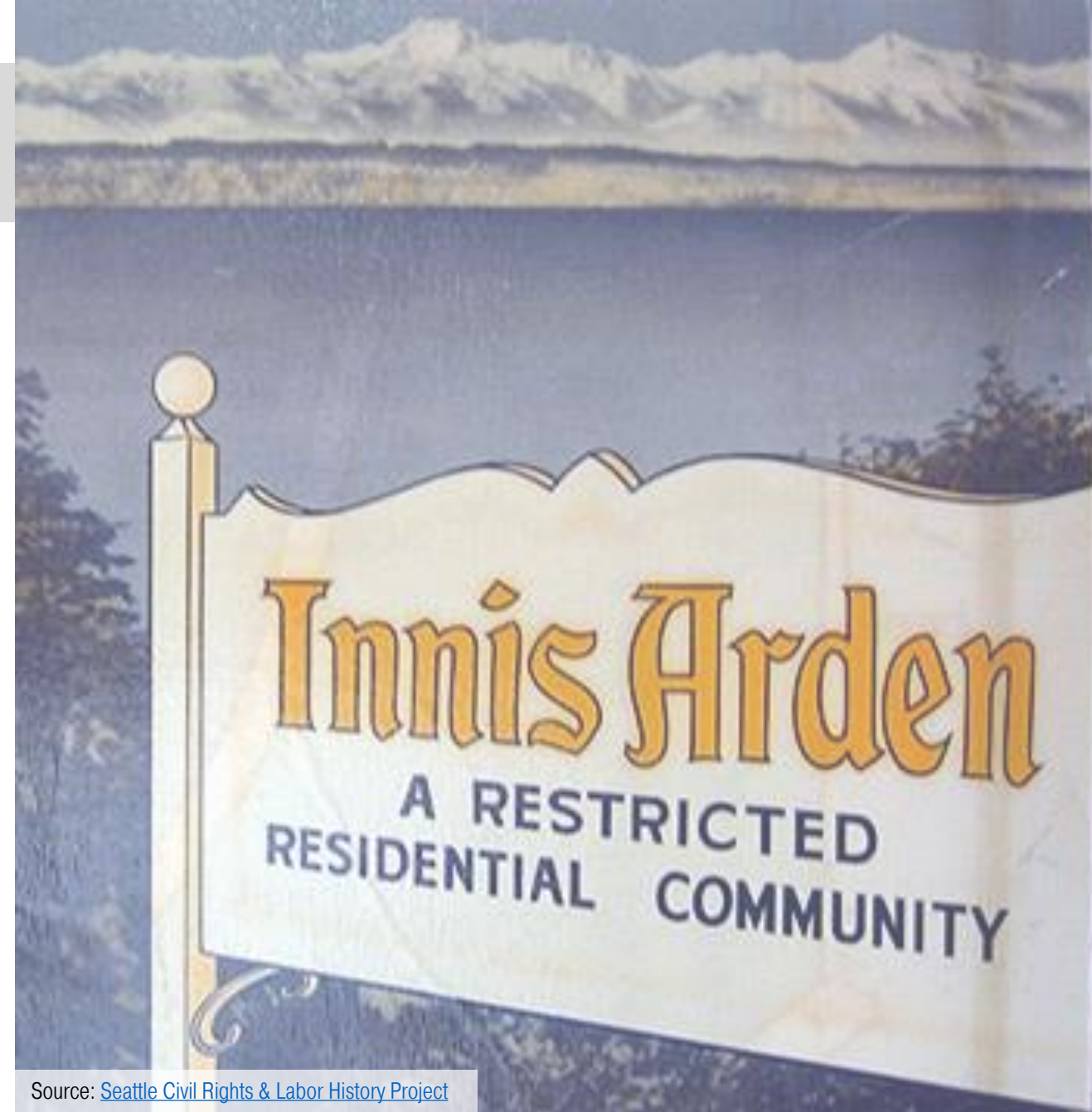
The central Puget Sound region's housing landscape reflects more than market forces and conditions. It is also the product of decades of public policies and private practices that, throughout the 20th century, often excluded lower-income households, immigrant communities, and people of color from accessing 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. Regional housing work is approached with an awareness of this legacy and of the comprehensive work needed to redress it.

- ❖ Visit [PSRC's Equity webpage](#) to learn about PSRC's work towards making a more equitable region.



Racial Covenants

- Racially restrictive covenants were used to deny homeownership to people of color starting in the 1920s.
- Legal clauses were written into property deeds that restricted who could own or live on a property on the basis of race.
- Racially restrictive covenants were found in neighborhoods across the region and made it difficult, if not impossible, for people of color to find housing outside of a few neighborhoods.
- Though a U.S. Supreme Court ruling determined racially restrictive covenants were unenforceable in 1948, realtors and banks continued to refuse to sell property to people of color until the 1960s.
- The Federal Fair Housing Act passed in 1968 prohibited enforcement of racially restrictive covenants. However, zoning patterns and real estate practices continued discriminatory practices for decades and discrimination continues today.



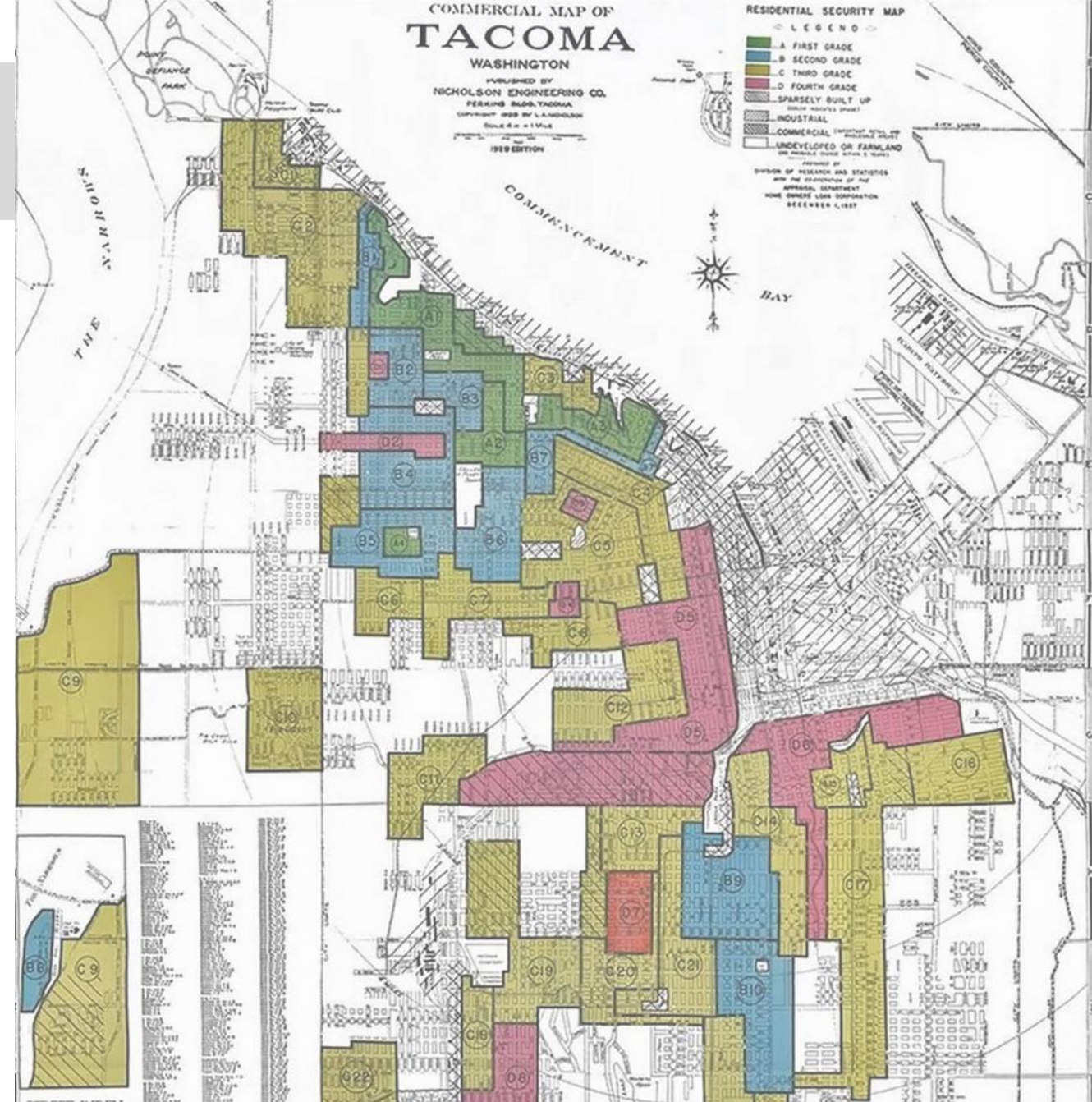
Source: [Seattle Civil Rights & Labor History Project](#)



Redlining

- In 1934, the National Housing Act formalized redlining, which established preferred area of cities for housing loans [across the nation](#).
- Banks refused to issue mortgages to houses in areas deemed “hazardous” – often areas with large communities of color. Areas graded highly were predominantly white.
- The practice of redlining effectively prevented people of color from buying and developing property, leading to a severe (and still growing) gap in intergenerational wealth.

❖ Visit the [City of Seattle's Municipal Archives webpage](#) to learn more about redlining in Seattle.



Restrictive Zoning

- Even today, housing practices continue to have a disproportionate impact on communities of color through restrictive zoning regulations.
- Exclusive single-family zoning and limits on density encourage large and expensive homes that drive up prices and increase scarcity in entire neighborhoods.
- The vast majority of residential zoning throughout the region is single-family.



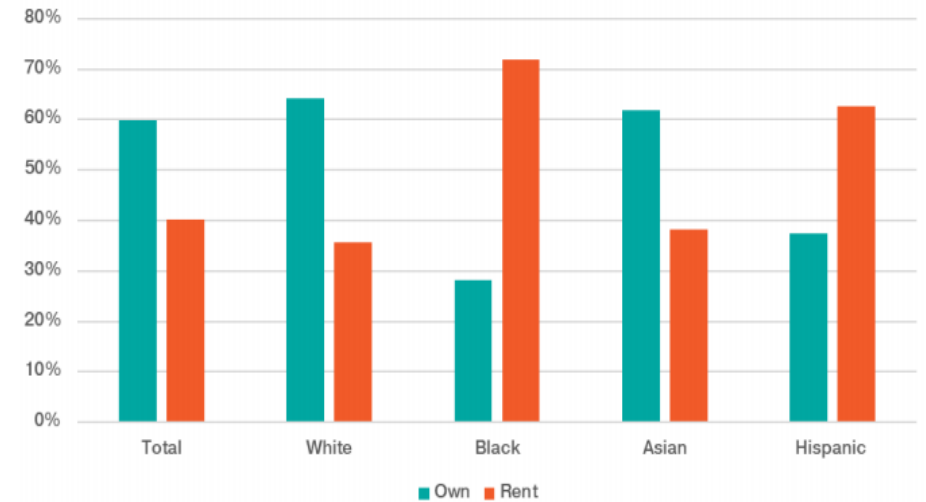
Source: The Urbanist



Lasting Impacts

- Black and Hispanic residents have significantly lower rates of homeownership. Historically, homeownership has been a critical way to build generational wealth within both families and communities.
- Cost burdened households are those who spend more than 30% of their income on housing. Severely cost burdened households spend more than 50% of their income on housing.
 - More than half of all African-American and Hispanic renters are cost burdened. Dedicated such a high portion towards housing limits these households from building wealth and cuts off economic opportunity.
- Visit PSRC's [Regional Data Profile](#) for a full snapshot of data about the central Puget Sound

Homeownership by Race/Ethnicity



Cost Burden Renters by Race/Ethnicity



Source: CHAS



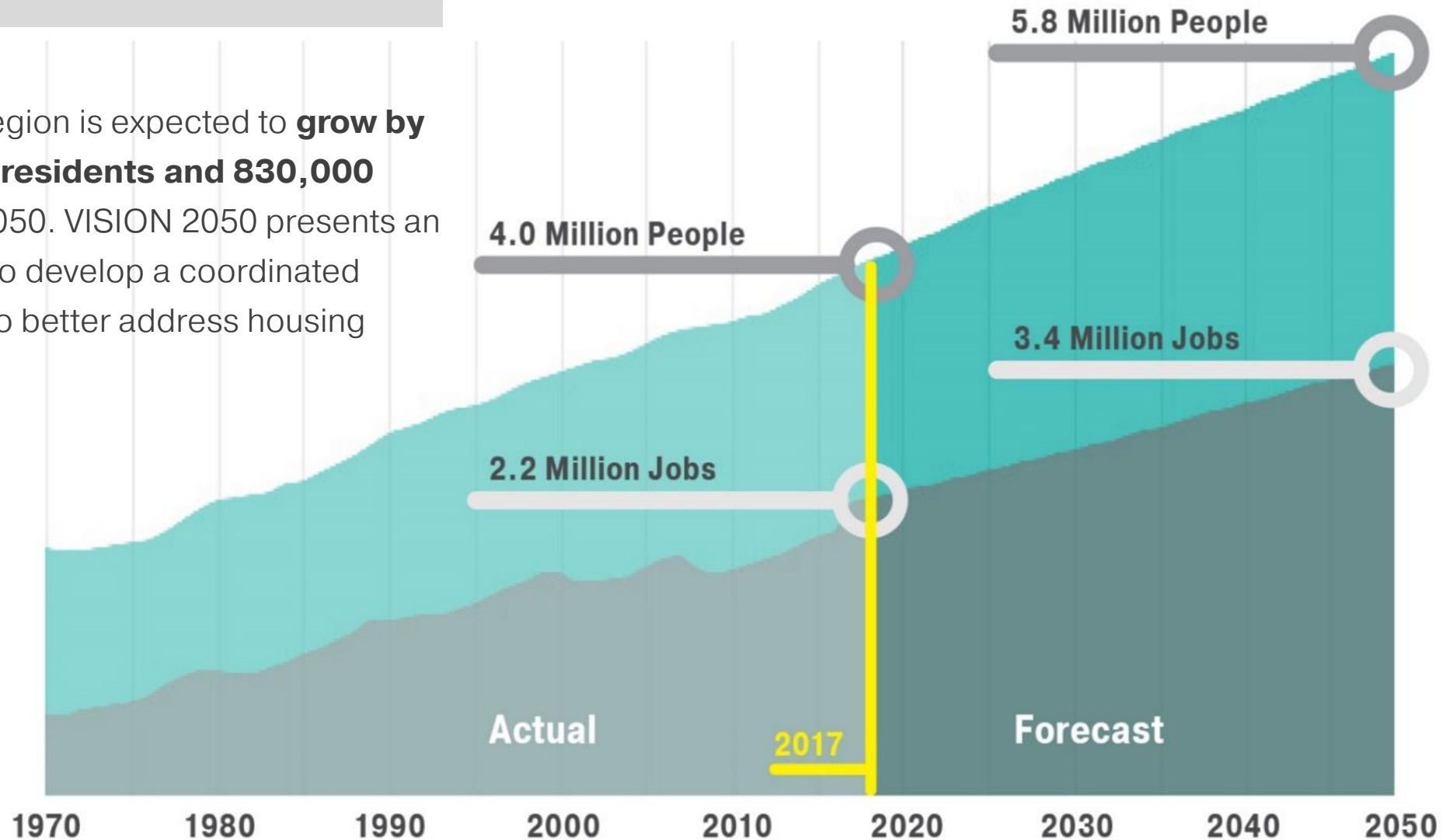


Housing in VISION 2050



Housing in VISION 2050

- The central Puget Sound region is expected to **grow by an additional 1.8 million residents and 830,000 households** by the year 2050. VISION 2050 presents an opportunity for the region to develop a coordinated regional housing strategy to better address housing needs.



Housing in VISION 2050

- VISION 2050 continues the policy direction in VISION 2040 to encourage housing that meets current and future needs and **preserves and expands affordability** throughout the region.
- New and updated policies focus on addressing **housing supply**, incentivizing **affordable housing near transit** and other high opportunity areas to minimize residential displacement, and promoting **jobs-housing balance**.
- VISION 2050 also includes an action to develop a **regional housing strategy** and calls on local jurisdictions to conduct **needs assessments** and update local housing tools based on the findings.



REGIONAL HOUSING STRATEGY



A new housing action in [VISION 2050](#) (H-Action-1) directs PSRC to develop a regional housing strategy, including a regional housing needs assessment. 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.

The strategy, including the Regional Housing Needs Assessment, is anticipated to be finalized in 2021 so that it may help guide and support local comprehensive plan updates in 2024.



What is Being Done?

The state, region, and local governments have launched a variety of initiatives, funding programs, and studies to address housing affordability. The Regional Housing Strategy will support this work.

State

- Housing Affordability Response Team (HART) Report
- Housing Guidebook
- Buildable Lands Statute Amendments
- Housing Affordability Grants (HB 1923)

Regional

- Regional Housing Strategy
- Growing Transit Communities
- Housing Innovations Program (HIP)
- Housing Element Guidance
- Sound Transit and Equitable TOD

County/Subregional

- King County Affordable Housing Committee
- Snohomish County Housing Affordability Regional Taskforce (HART)
- KRCC Affordable Housing Taskforce
- South Sound Housing Affordability Partners (SSHAP)
- ARCH/SKHHP/AHA

Local

- Comprehensive Plan Updates & Housing Strategies
- Funding



Want to Learn More?

- [PSRC Housing Terms Glossary](#)
- [VISION 2050 Housing Background Paper](#)
- [WA State Department of Commerce](#)
- [MRSC Affordable Housing](#)
- [PSRC Housing Resources](#)
- [US Department of Housing and Urban Development \(HUD\)](#)
- [University of Washington Seattle Civil Rights & Labor History Project](#)





Puget Sound Regional Council

Thank You!