

Regional Housing Affordability

Recent data shows that households in the central Puget Sound region still struggle to find housing that fits their income in an increasingly competitive and expensive housing market. Rents and home values have risen steeply, home ownership is less likely for Black and Hispanic/Latinx households, and middle density housing, which is often more affordable than other housing forms, is hard to find.

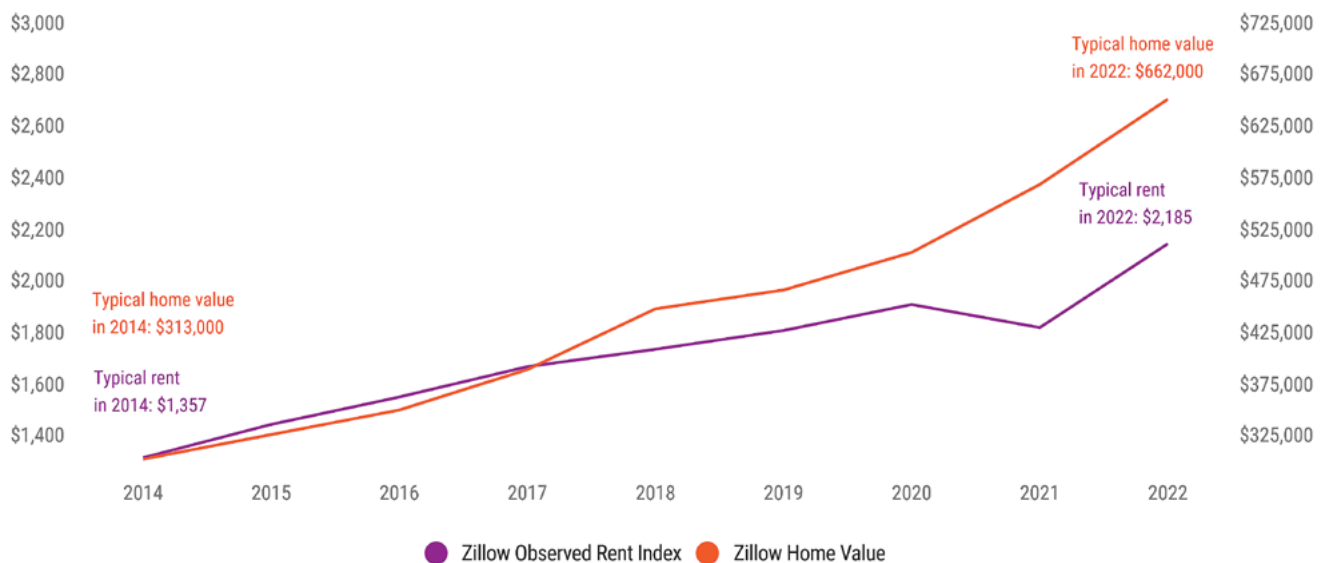
Home and rent prices continue to rise

Housing prices have risen at an unprecedented rate over the past decade and have outpaced increases in income for most households.

The typical rent rose 61% from \$1,357 in March 2014 to \$2,185 in March 2022. While rents decreased for a period during the first year of the pandemic, they have since recovered and climbed steadily over the last year.

The increase in home values significantly outpaced rent increases during this same time frame. The typical home value more than doubled, increasing 112% from \$313,000 in March 2014 to \$662,000 in March 2022.

Metro Area Home Values and Rents



Source: Zillow

Notes: Metro area is the Seattle-Tacoma-Bellevue MSA, which includes King, Pierce and Snohomish counties. Zillow Observed Rent Index values represent the typical observed market rent based on the mean of listed rents that fall into the 40th to 60th percentile range for all homes and apartments. Zillow Home Value Index values represent the typical value of all homes (single-family, townhomes, condominiums) in the 35th to 65th percentile range. Data is for March.

The Washington Center for Real Estate Research (WCRER) maintains a Housing Affordability Index to track, at the county level, the affordability of the median priced single-family home for the typical household earning median family income. 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.

Index values show that affordability has been decreasing across all four counties over the past two years. The first quarter of 2022 marked the first time in the past decade that all four counties' indices fell below the threshold value of 100, indicating a broad shortage of affordable home ownership opportunities across the region. The least affordable markets are in King and Snohomish counties.

The First Time Buyer Housing Affordability Index shows all four counties falling substantially below the balanced threshold, with conditions worsening over the last two years. The extremely low index numbers highlight the increasing difficulty for prospective first-time buyers to own a home. The lack of affordable entry-level homes can further have a spillover effect of inflating demand pressures in the rental housing market.



Housing Cost and Affordability Indicators

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Median Home Price (Redfin)											
King	\$295,000	\$350,000	\$375,975	\$409,000	\$460,000	\$540,000	\$630,000	\$625,000	\$650,000	\$748,900	\$846,250
Kitsap	\$215,000	\$230,100	\$224,950	\$235,500	\$270,000	\$284,500	\$330,000	\$355,000	\$385,000	\$450,000	\$525,000
Pierce	\$179,950	\$202,158	\$225,000	\$242,600	\$264,900	\$295,000	\$340,475	\$359,900	\$400,000	\$470,000	\$552,000
Snohomish	\$230,000	\$270,290	\$285,000	\$325,300	\$355,000	\$392,975	\$453,393	\$472,000	\$505,000	\$605,000	\$751,825
Housing Affordability Index - All-Buyer (WCRER)											Q1
King	131.9	121.9	105.9	103.0	92.3	79.4	66.9	71.4	80.2	73.7	73.1
Kitsap	170.7	176.9	165.4	163.0	151.1	133.7	115.3	107.8	114.9	104.3	89.7
Pierce	201.0	187.3	165.7	158.8	148.8	130.5	108.8	103.8	107.4	92.5	85.1
Snohomish	173.3	158.9	134.6	129.8	124.6	108.9	91.4	96.0	102.6	85.0	70.0
Housing Affordability Index - First-Time Buyer (WCRER)											Q1
King	72.7	66.9	59.2	58.5	53.2	46.5	39.8	50.8	60.9	53.9	53.5
Kitsap	96.4	103.5	102.9	107.2	104.6	97.1	87.6	76.6	86.8	76.4	65.7
Pierce	117.9	100.9	86.9	80.8	73.5	62.6	50.8	73.8	80.6	67.5	62.3
Snohomish	98.6	86.8	73.7	71.1	68.4	59.8	50.3	68.2	77.2	62.2	51.2
Average Asking Rent (CoStar)											
King								\$1,857	\$1,844	\$1,930	\$2,068
Kitsap								\$1,464	\$1,461	\$1,669	\$1,763
Pierce								\$1,282	\$1,327	\$1,461	\$1,553
Snohomish								\$1,555	\$1,564	\$1,685	\$1,851

Source: Redfin, WCRER, CoStar

Notes: Redfin median home price values are for all housing types (single-family, townhomes, condominiums). Data is for March.

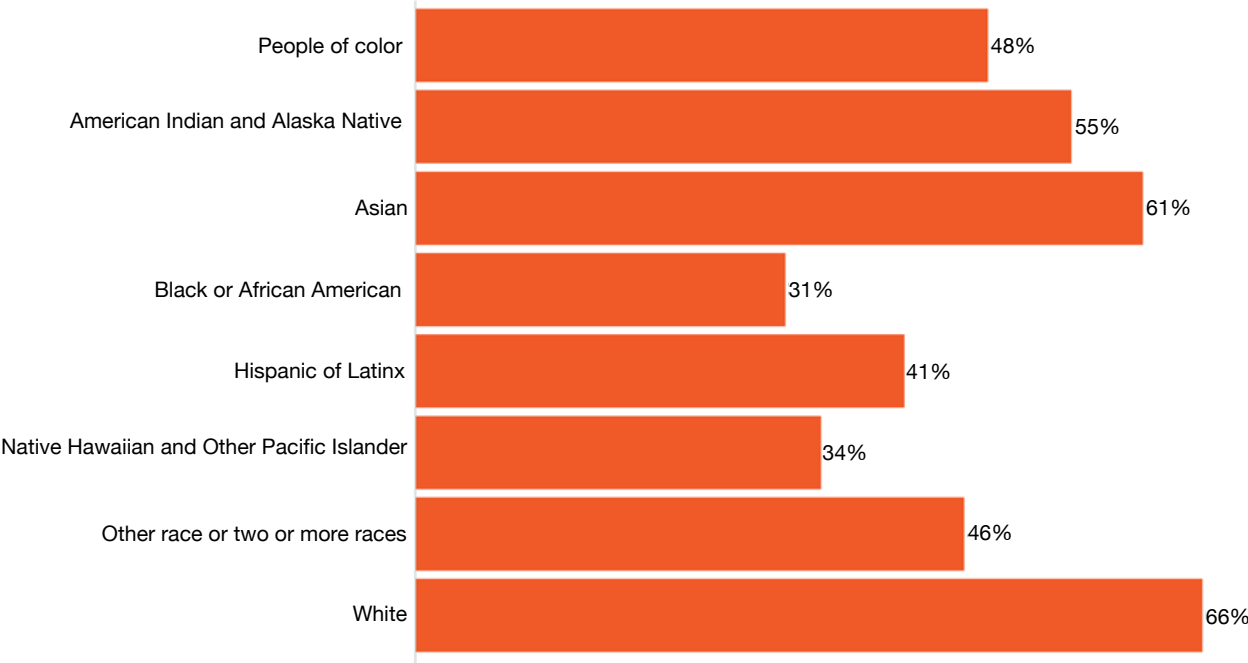
The WCRER All-Buyer Housing Affordability Index measures the ability of a typical family to make payments on a median price single-family home. It assumes a 20% down payment and 30-year amortizing mortgage. The First-Time Buyer Housing Affordability Index assumes a less expensive home, lower down payment and lower income. Affordability indices are for the second quarter (Q2) unless noted otherwise.

CoStar average asking rents are for all multifamily housing types. Data is for March.

Homeownership less accessible to Black and Hispanic/Latinx households

Homeownership rates vary substantially by race and ethnicity. In February, PSRC reported that [white and Asian households were twice as likely as Black households to be homeowners](#). Hispanic/Latinx households also have noticeably lower rates of homeownership compared to white and Asian households.

Homeownership Rate by Race and Ethnicity



Source: U.S. Census Bureau. 2016-2020 American Community Survey 5-Year Public Use Microdata Sample files

The region’s households have experienced changes in access to homeownership differently over the last two decades. Homeownership rates have stayed stable for white households. Asian and Hispanic/Latinx households have secured gains in homeownership levels, while Black households have lost ground. Even when incomes are similar, homeownership for Black households lags that of white households.

Rising home prices and a limited inventory of homes for sale serve to exacerbate these long-term disparities.

Change in Homeownership Rates by Race and Ethnicity

	2000	2010	2016 – 2020	2016 – 2020
	Estimate	Estimate	Estimate	Margin of Error
All households	62%	62%	60%	0.6%
People of color overall	46%	48%	48%	1.1%
American Indian and Alaska Native	47%	46%	55%	7.9%
Asian	57%	61%	61%	1.9%
Black or African American	37%	35%	31%	2.2%
Hispanic or Latinx	37%	39%	41%	2.0%
Native Hawaiian and Other Pacific Islander	39%	36%	34%	7.6%
Other race or two or more races	46%	47%	46%	3.2%
White	66%	67%	66%	0.7%

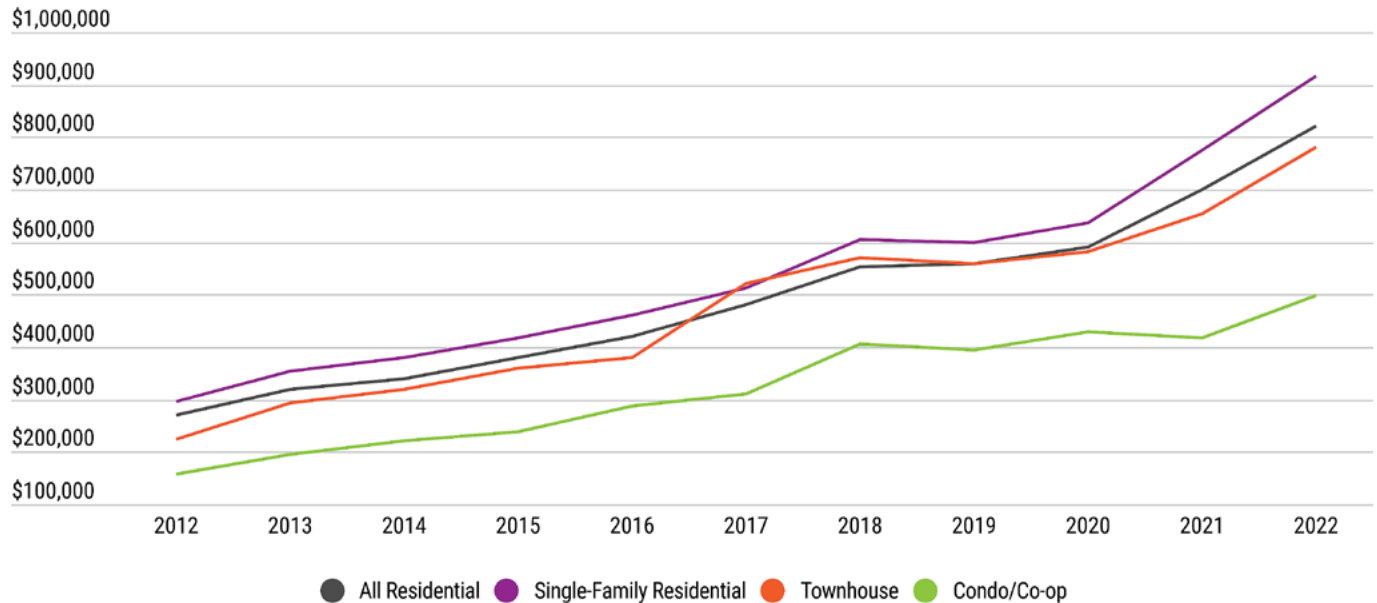
Source: U.S. Census Bureau. 2000 and 2010 Decennial Census Summary File 2, 2016-2020 American Community Survey 5-Year Public Use Microdata Sample files

Notes: People of color refers to individuals of racial and ethnic backgrounds other than white non-Hispanic/Latinx

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 mixed use areas. Middle density housing can help promote housing diversity, give people greater housing choices, and support more 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.

Data on median sale prices for different categories of housing types, published by Redfin, show the typical sale price for detached single-family homes (\$917,000) is substantially higher than for townhomes (\$780,000) and condominiums (\$497,000). In some cases, a middle density housing option such as a low rise-condominium or townhome costs two-thirds to half the cost of a detached single-family home.

Metro Area Home Price by Housing Type



Source: Redfin

Notes: Metro area is the Seattle-Tacoma-Bellevue MSA, which includes King, Pierce and Snohomish counties. Data is for March of each year

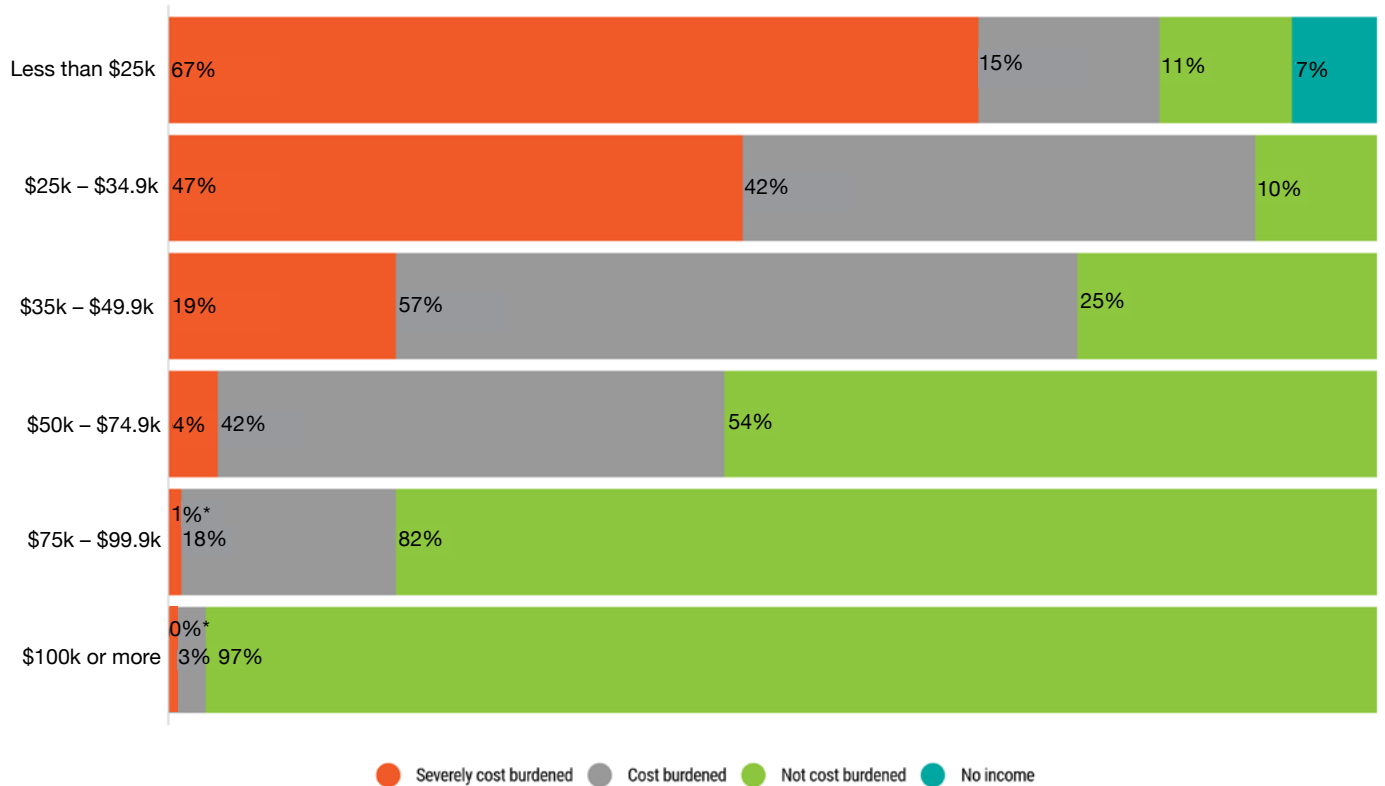
Rising housing costs disparately affect moderate- and lower-income households

The steep increases in rents over the past several years have resulted in serious housing cost burden for many of the region’s renters, with the biggest impact falling on the lowest income households.

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 care or unexpected expenses.

Households are considered “housing cost burdened” if they spend more than 30% of their gross annual income on housing costs, including utilities. A household is defined as “severely cost burdened” if its housing costs constitute more than 50% of gross annual income.

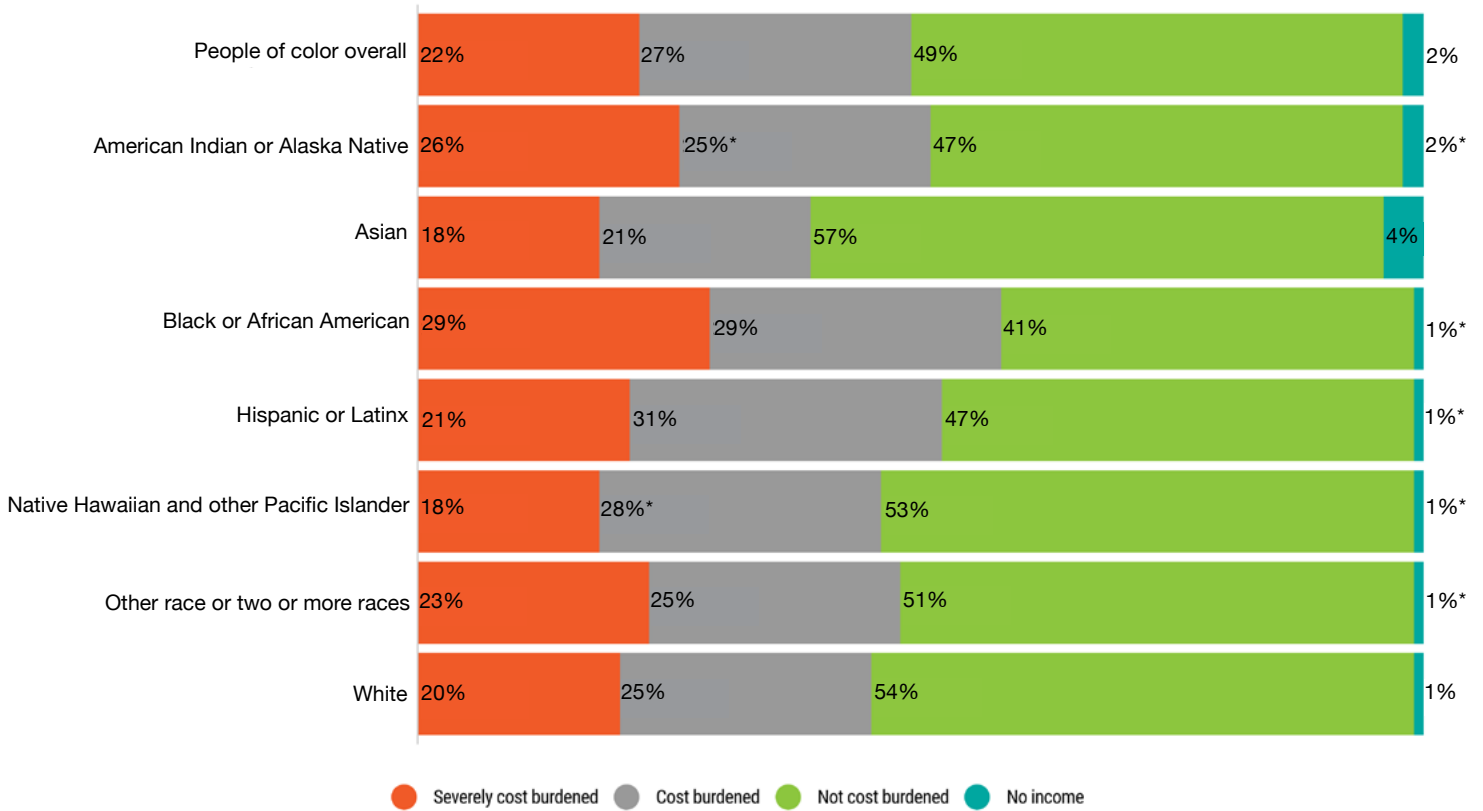
Renter Cost Burden by Income



Source: U.S. Census Bureau. 2016-2020 American Community Survey 5-Year Public Use Microdata Sample files
 *Estimate has a large margin of error; use with caution

Cost burden varies by the race and ethnicity of households, underscoring current and historic inequities in income, wealth and access to housing. Overall, Black, Hispanic/Latinx, and American Indian/Alaska Native households are more likely to be cost burdened. The majority of Black, Hispanic/Latinx and American Indian/Alaska Native renter households pay more than 30% of their incomes on housing.

Renter Cost Burden by Race and Ethnicity



Source: U.S. Census Bureau. 2016-2020 American Community Survey 5-Year Public Use Microdata Sample files
 *Estimate has a large margin of error; use with caution

Housing is critical for every resident, and every community plays a role in addressing this collective responsibility. The complexity of addressing the full range of housing needs and challenges requires a coordinated regional-local approach and will require action from cities, counties, residents, businesses and other agencies and stakeholders to work together to meet the needs.

The [Regional Housing Strategy](#) is a playbook of regional and local actions to preserve, improve and expand housing stock in the region. The aim is to make a range of affordable, accessible, healthy and safe housing choices available to every resident and to promote fair and equal access to housing for all people. Through the implementation of the Regional Housing Strategy, stakeholders can work to address many of the challenges and disparities highlighted above.