



Metropolitan Housing and Communities Policy Center

Making Room for Housing near Transit: Zoning's Promise and Barriers

Yonah Freemark | PSRC Regional Staff Committee Meeting | March 16, 2023



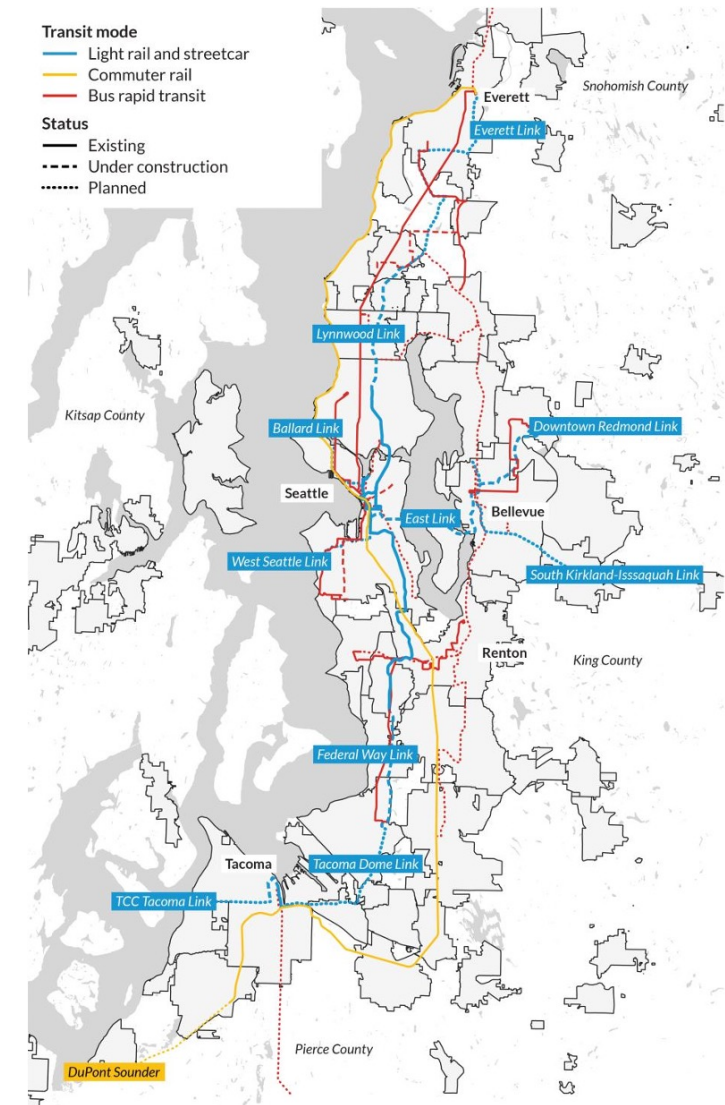
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OUR MISSION IS TO OPEN MINDS,
SHAPE DECISIONS, AND OFFER
SOLUTIONS THROUGH ECONOMIC
AND SOCIAL POLICY RESEARCH.

Project Goals

- Evaluate current conditions in neighborhoods adjacent to the region's growing transit network
- Examine whether zoning serves as an impediment to housing construction
- Explore impacts of possible zoning reforms
- Build on recent initiatives of local stakeholders, state legislators, and advocates
- Recommend approaches for municipal/state action

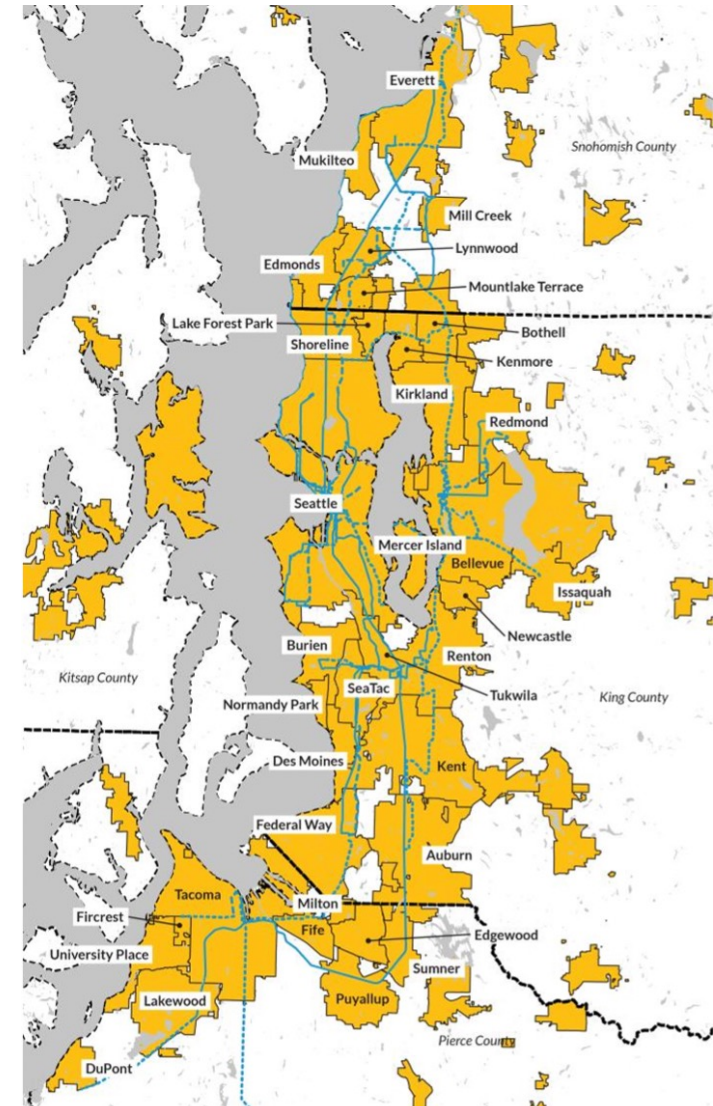


Project Overview: Key Findings

- The Puget Sound could be a national model for access to plentiful housing near transit
- Transit investments bring hundreds of thousands of people closer to rail and bus rapid transit—but current zoning policies often limit housing construction
- Additional housing is needed to accommodate current and future demand
- A diverse range of zoning reforms, implemented by localities or state, could accommodate different communities' needs

Our Approach

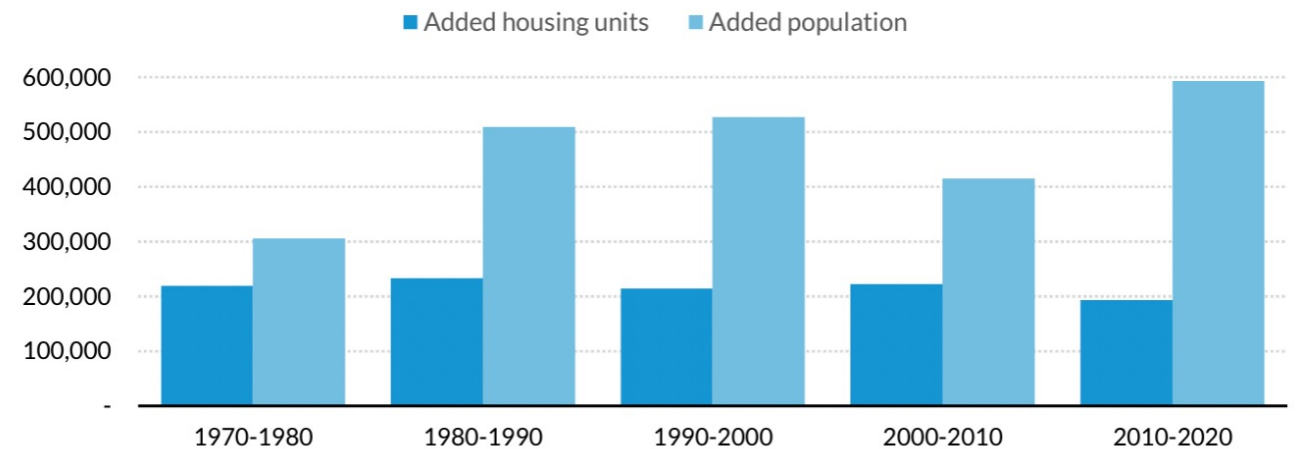
- Combine information from an array of data sources:
 - Census: Municipal, tract-level data on demographics and housing conditions
 - Property records: First American property-level data
 - Zoning: Development of “zoning atlas” with simplified by-right zoning based on 39 jurisdictions’ codes and districts
 - Transportation investments: Rail and bus rapid transit stations that exist or are planned in the region
- Evaluate conditions in municipalities and unincorporated areas within ½ mile of current and future stations



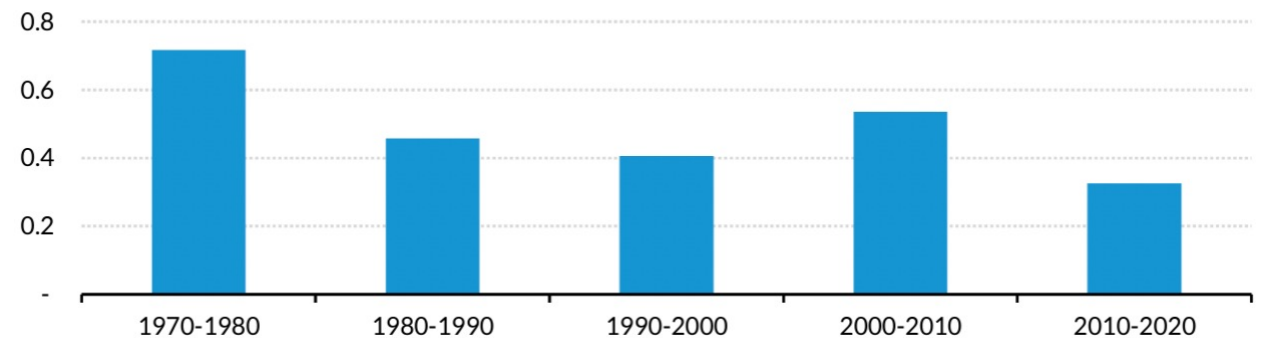
Housing Construction is Slowing

- Region's population grew more than ever in the 2010s
- But housing construction was lowest since at least 1970s
- Housing units are not being added to keep up with population

New housing units and population increases by decade in the Puget Sound region



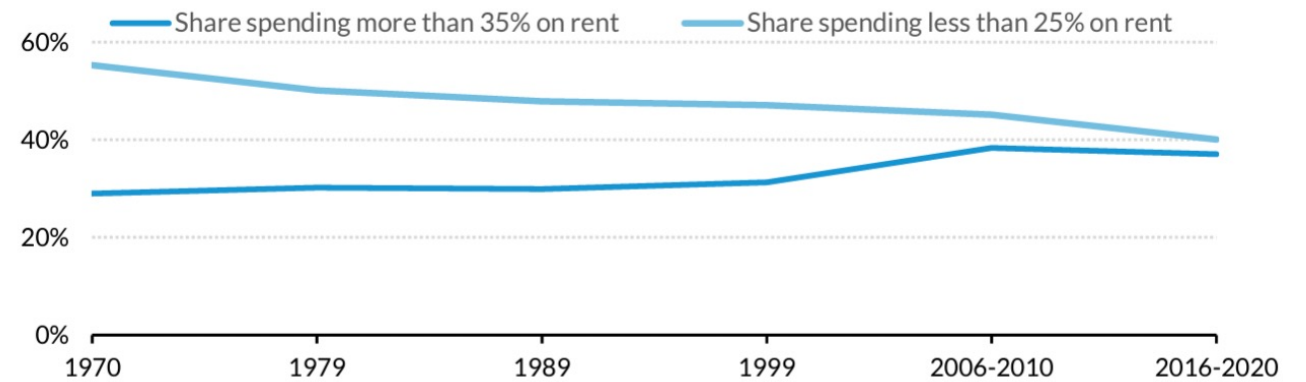
New housing units per new resident, by decade



Inadequate Housing is Associated with Higher Costs

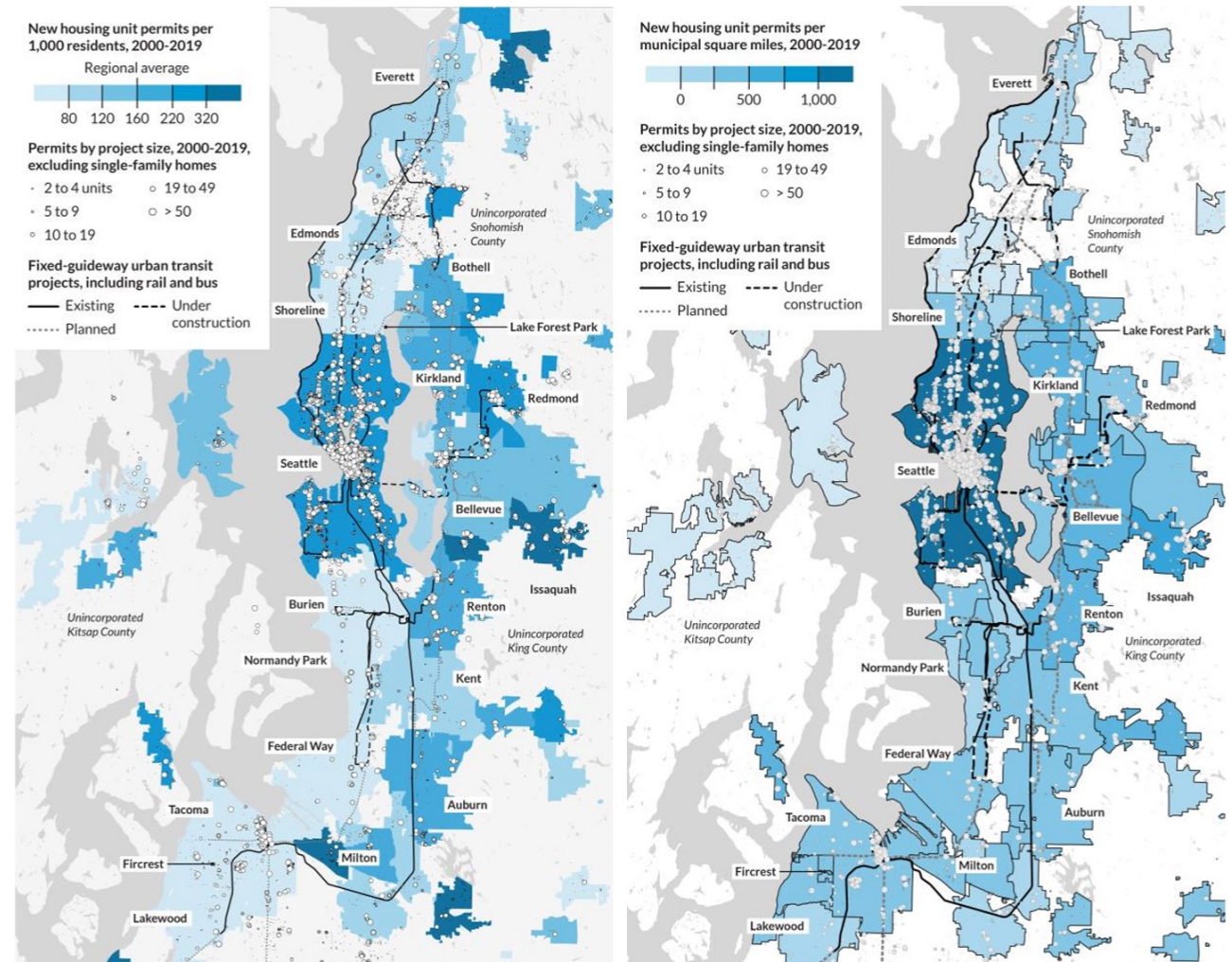
- More of Puget Sound residents are spending more money on housing, threatening their quality of life

Gross rent as a percentage of household income



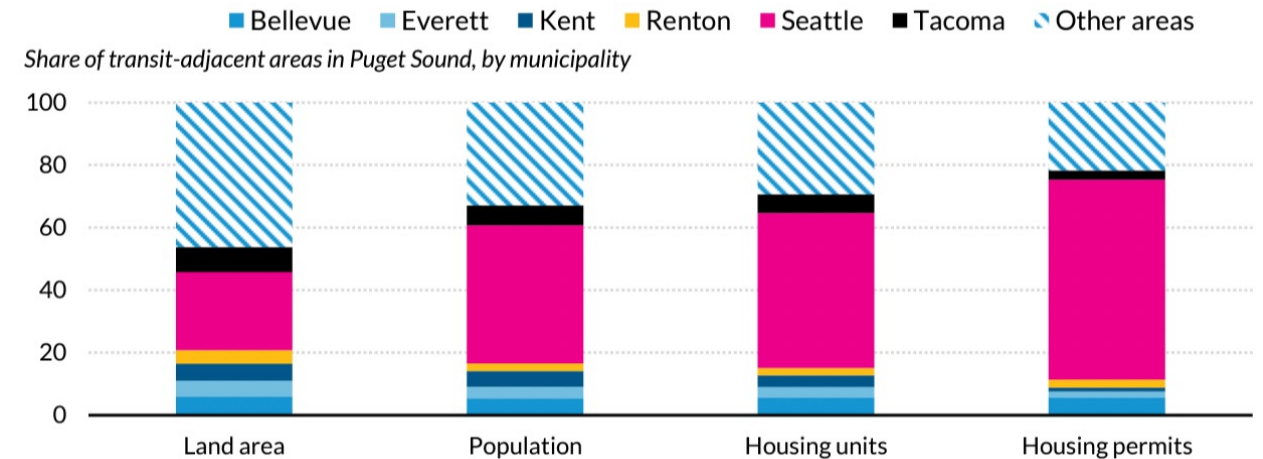
Recent Construction is Concentrated in Seattle

- Cities with highest permitting rates ($>100/1,000$ residents, 2010–19) are Issaquah, Kirkland, Redmond, and Seattle
- Cities with lowest rates ($<25/1,000$ residents) are Edmonds, Federal Way, Lake Forest Park, Lakewood, SeaTac, and Tukwila

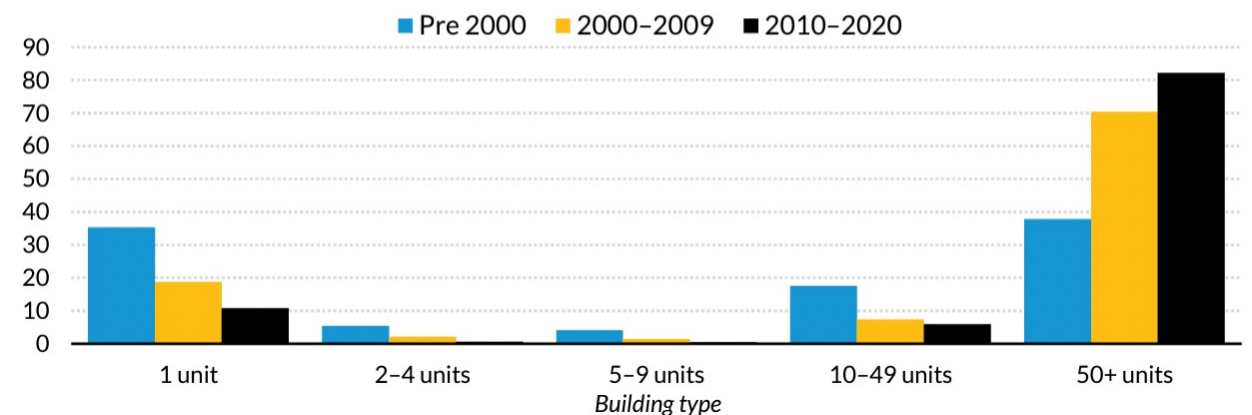


Recent Construction is Concentrated in Seattle

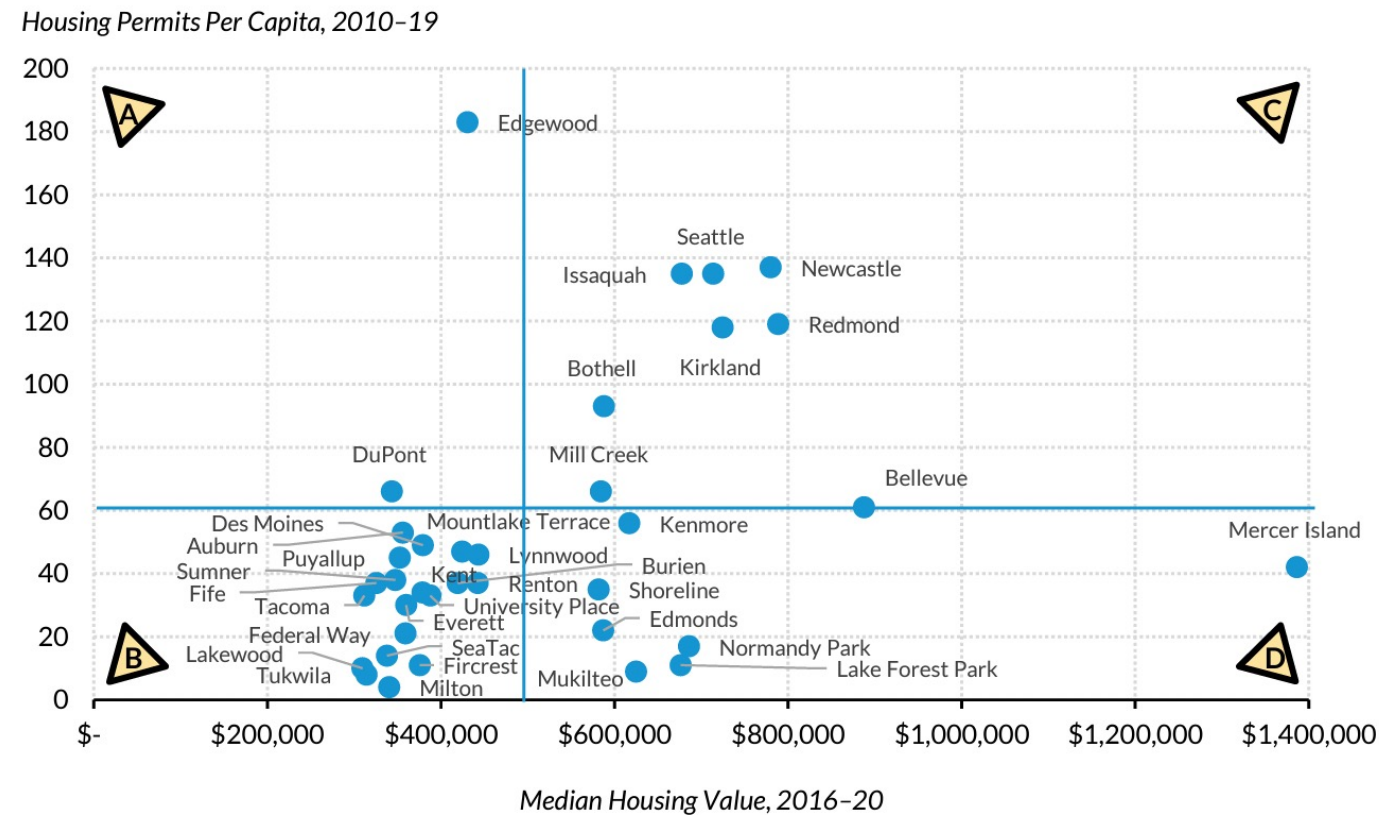
- About 25 percent of region's land area near transit stations is within Seattle, but 64 percent of recent regional transit-adjacent permitting was in Seattle
- An increasing share of that new housing is in very large apartment buildings
- Middle scale housing has all but disappeared



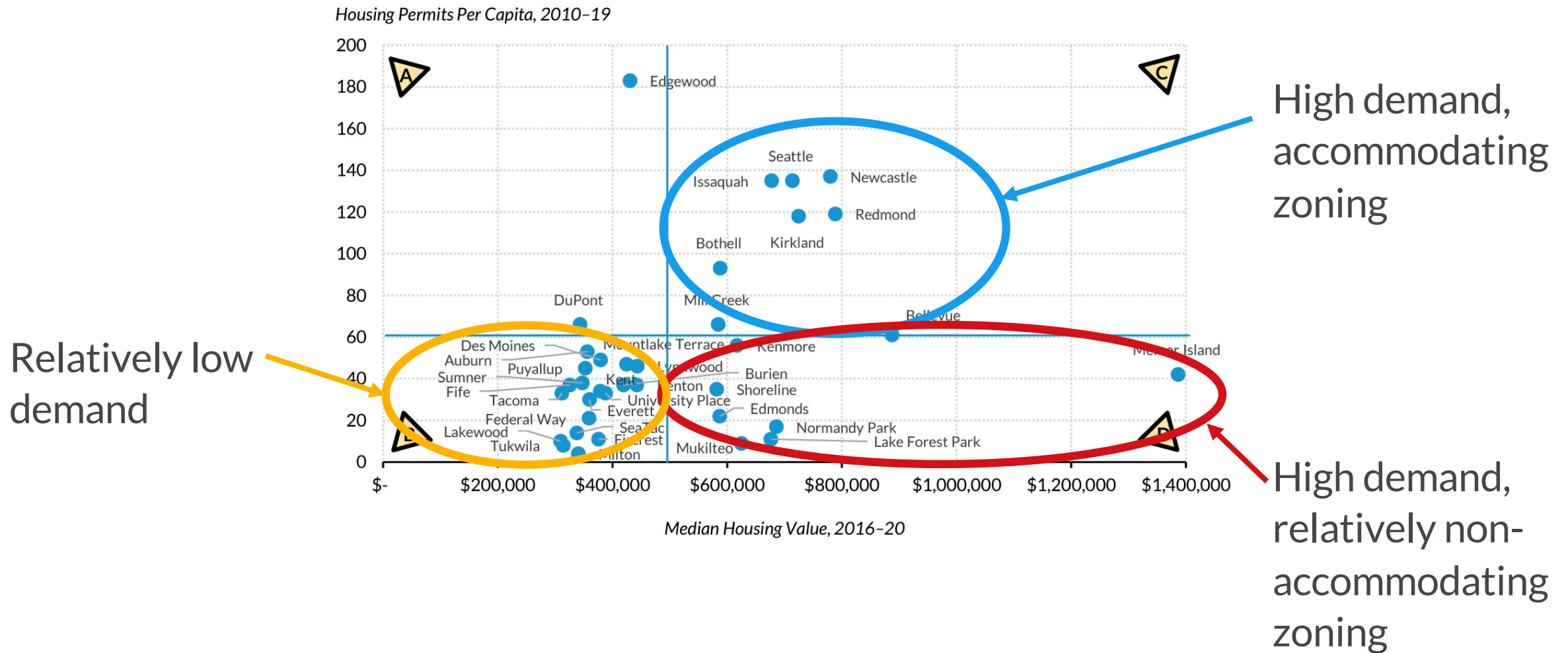
Share of housing units completed in transit-adjacent areas, by building type and by completion year



Housing Production is a Product of Demand, Regulations

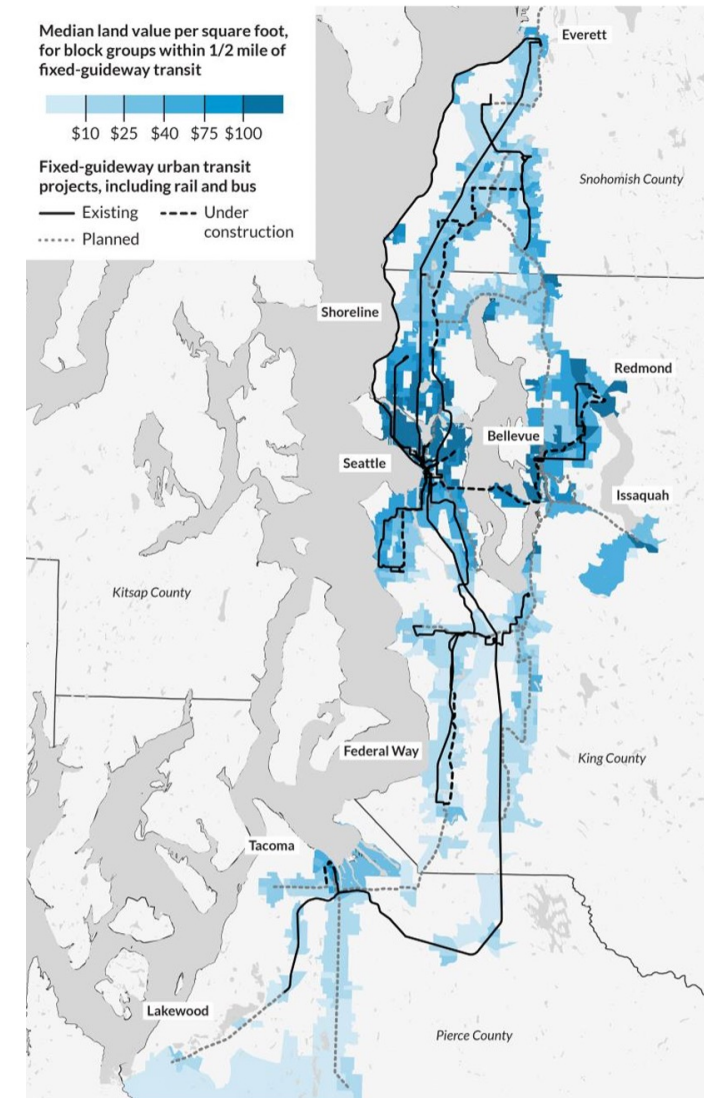


Housing Production is a Product of Demand, Regulations



Real-Estate Demand is One Side of the Equation

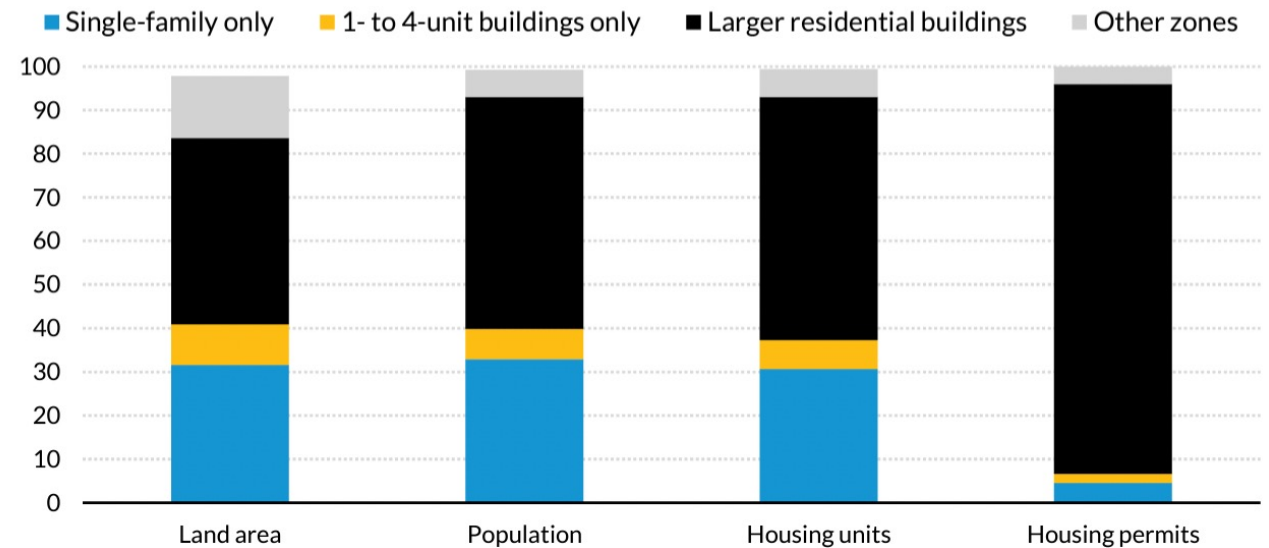
- Land values are much higher in the center of the region than in its southern portion
- High land values are associated with willingness of developers to invest in new housing development



Zoning Regulations Are the Essential Other Half

- 30% of region's transit-adjacent land is reserved for single-family home construction
- But... 89% of housing permits have been on the 40% of land where 5+ unit buildings are allowed to be built

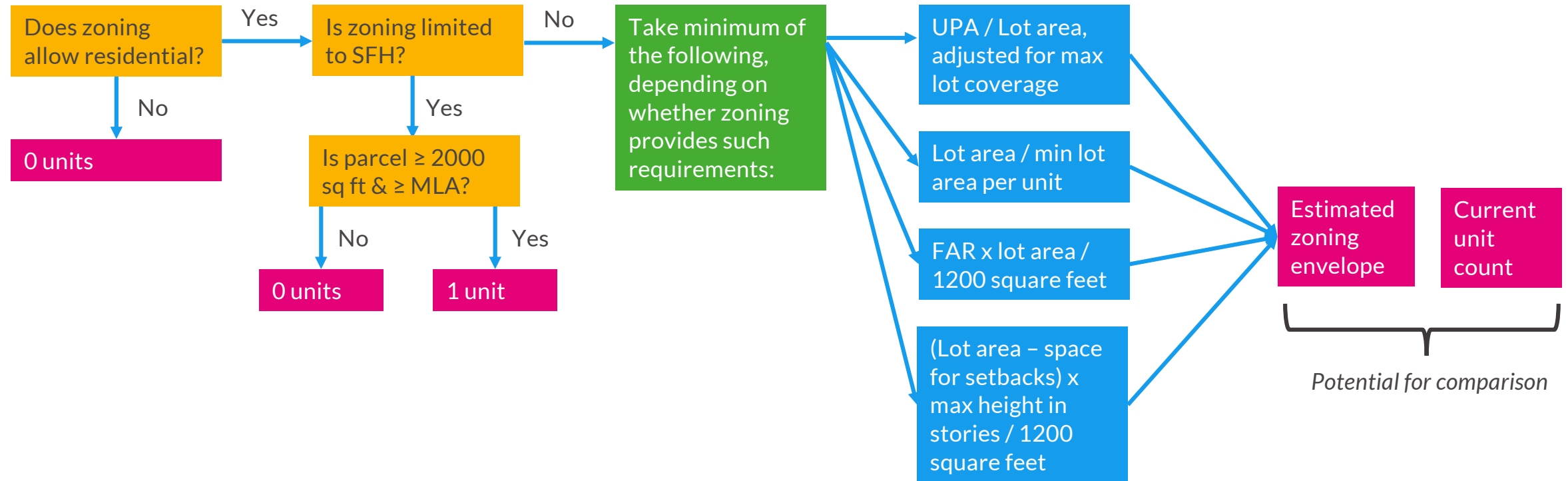
Share of transit-adjacent areas, by type of buildings allowed by zoning district



Estimating Current and Potential Housing Under Zoning

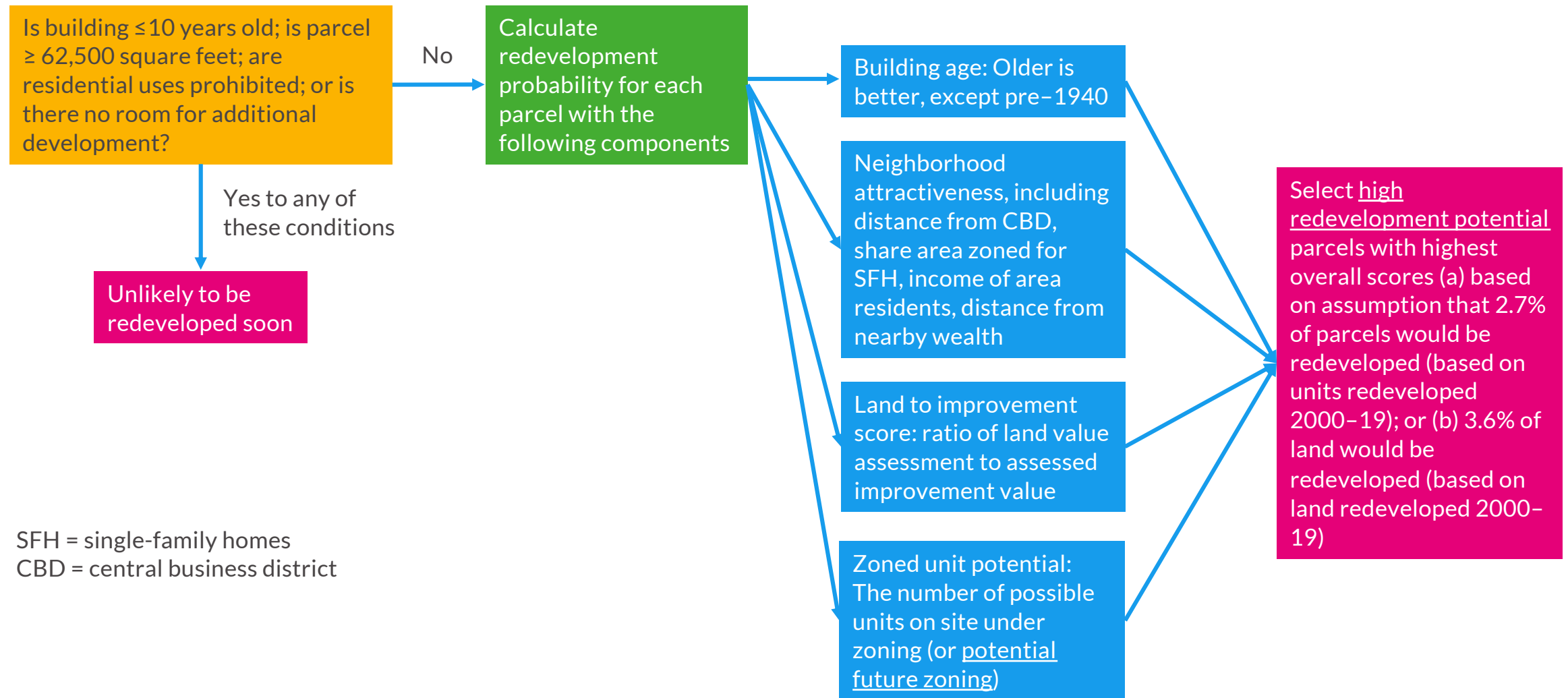
- Use property-level data on number of housing units within ½ mile of stations
- For each property, identify current by-right zoning allowances for whether residential uses are allowed, units per acre, minimum lot area per unit, maximum lot coverage, setbacks, maximum heights, floor area ratio
- We make estimates for potential development on each parcel, and we compare with current real-estate demand for redevelopment that we identified using a hedonic model of recent housing construction
- Finally, we re-run our model using a variety of prototypical zoning reform strategies

Methodological Approach for Estimating Zoning Envelope



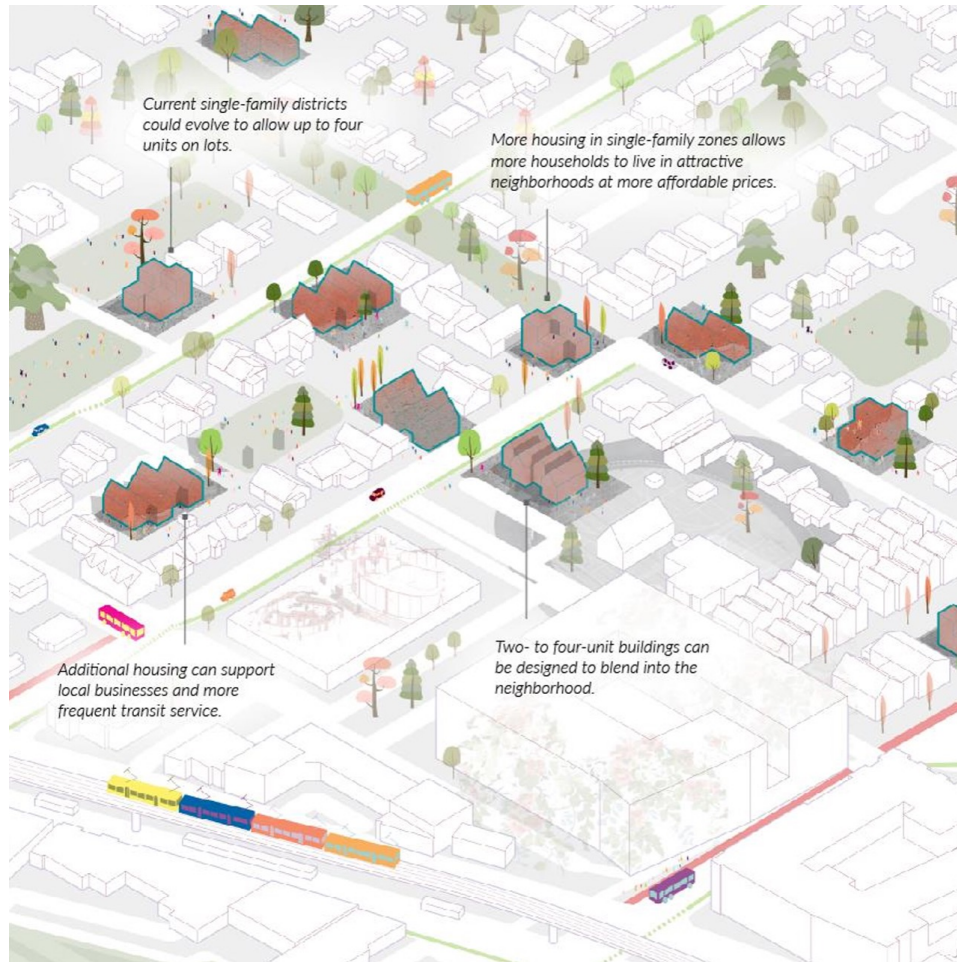
SFH = single-family homes
 MLA = minimum lot area per parcel
 UPA = maximum units per acre
 FAR = floor area ratio

Methodological Approach for Assessing Housing Market



Zoning Reform Concepts

Plexify

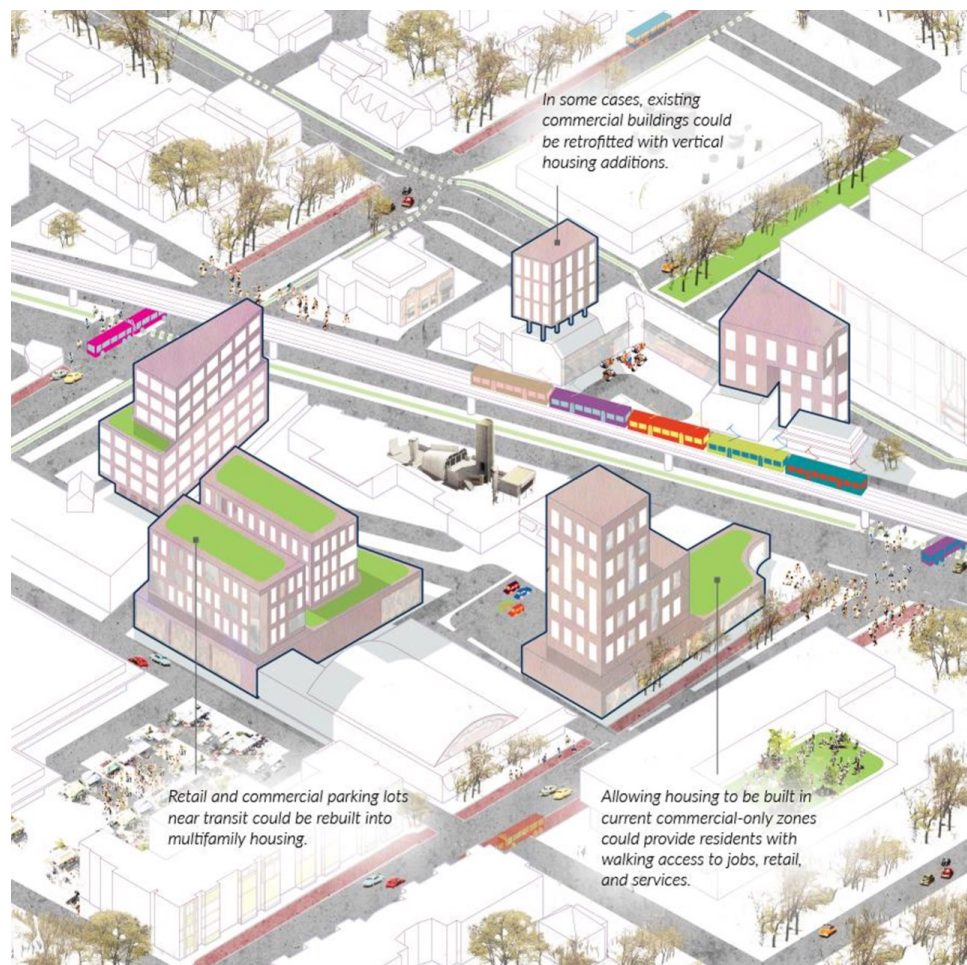


Missing Middle



Zoning Reform Concepts

Legalize



Multiply



Similarities to Pending Legislation in Washington State

HB 1110 (Bateman)—amended, passed House

- In cities > 75,000, would allow up to 4 homes per parcel everywhere, and 6 homes per parcel within 1/4 mile of frequent transit (if 2/6 are affordable). 4 homes without.
- No parking requirements near transit.
- In cities in urban areas, (a) same as above, or (b) triplexes + 6plexes within ½ mile of major transit stop

HB 1517/SB 5466 (Reed/Liias)—passed Senate

- Would require min. *average* FAR of 6 in ¼ mile near fixed rail, FAR of 4 in 1/2 mile near rail, BRT, frequent bus, ferries
- Minimum FAR anywhere in those areas of 1, 50% FAR boost for housing at 60% of AMI
- Prohibits parking mandates in 1/2 mile area near transit

HB 1245/SB 5364 (Barkis/Liias)—passed House

- Allows lot splitting into 2 parcels (each ≥ 1500 sq ft, ≥40% of original parcel), superseding local MLAs
- Prohibits demolition of rented units
- Caps parking at 1 space/unit

HB 1337/HB 1276 (Gregerson/Pollet)—passed House

- Allows ADUs on lots with detached homes, encourages 3 of (1) lifting of parking mandates, (2) ending owner occupancy requirements, (3) eliminating or reducing impact fees, (4) legalizing 2 ADUs per lot (SB 5235, a narrower bill, passed Senate)

Reforms Could Double Zoning Capacity, Increase Building

Near transit...

- 364,000 existing housing units
- 668,000 housing units possible under current zoning envelope
- 876,000 units possible with *Plexify* reform
- 914,000 units possible with *Multiply* reform

* On “regular sized” lots

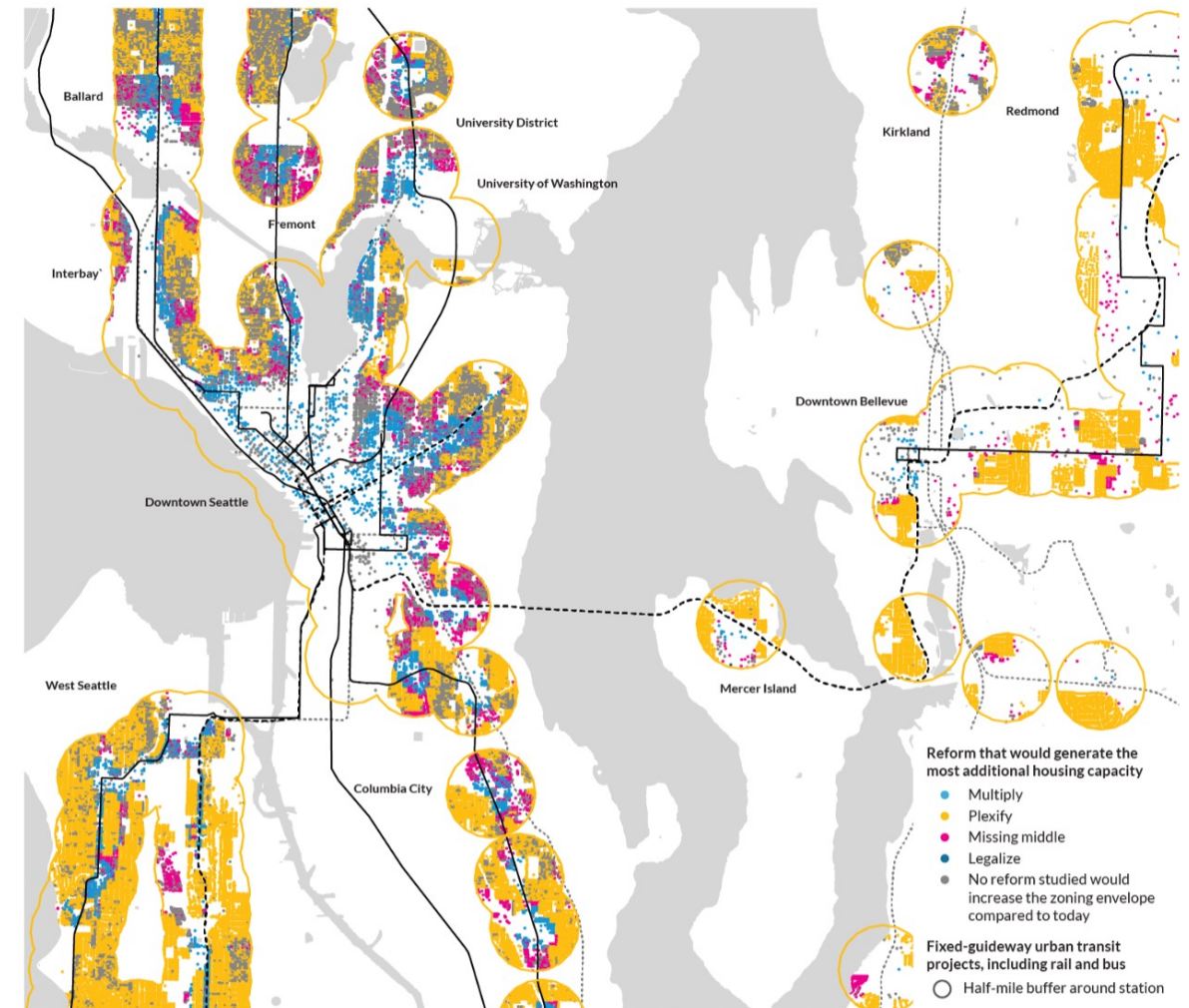
Based on the current real-estate market

- 90,000 more units likely to be built over next decade near transit
- With all reforms implemented, likely 153,000 units added
- *Multiply* reform would be likely be most effective in adding units

* On “regular sized” lots

Reforms Impacts Vary Based on Station Area

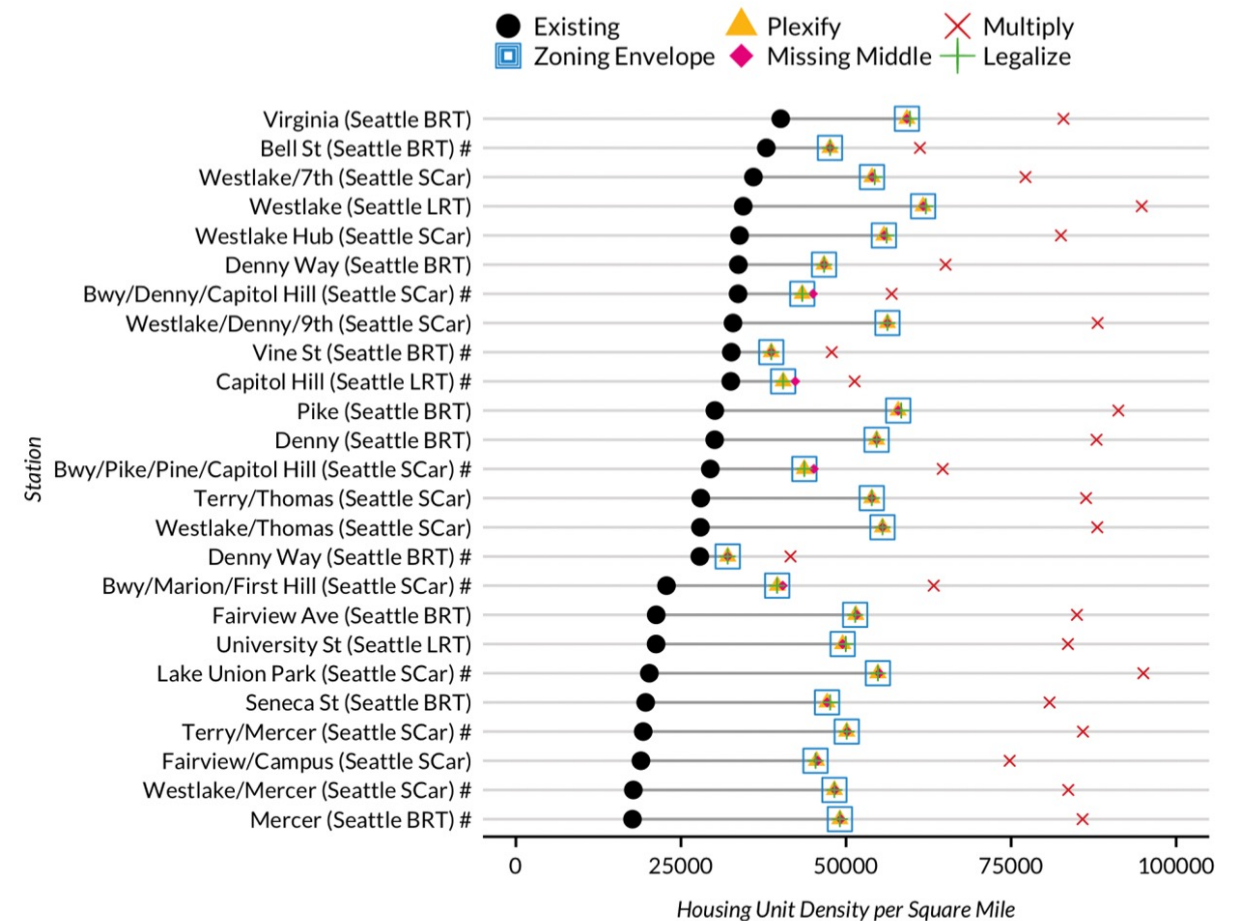
- Areas closest to stations would benefit most from *Multiply* reform
- Many suburban zones could densify through *Plexify* reform
- Moderate-scale increases through *Missing Middle* reform would support increased housing in the areas in between



Reforms Impacts Vary Based on Station Area

- *Multiply* reform would make additional development feasible in communities where housing densities are already high

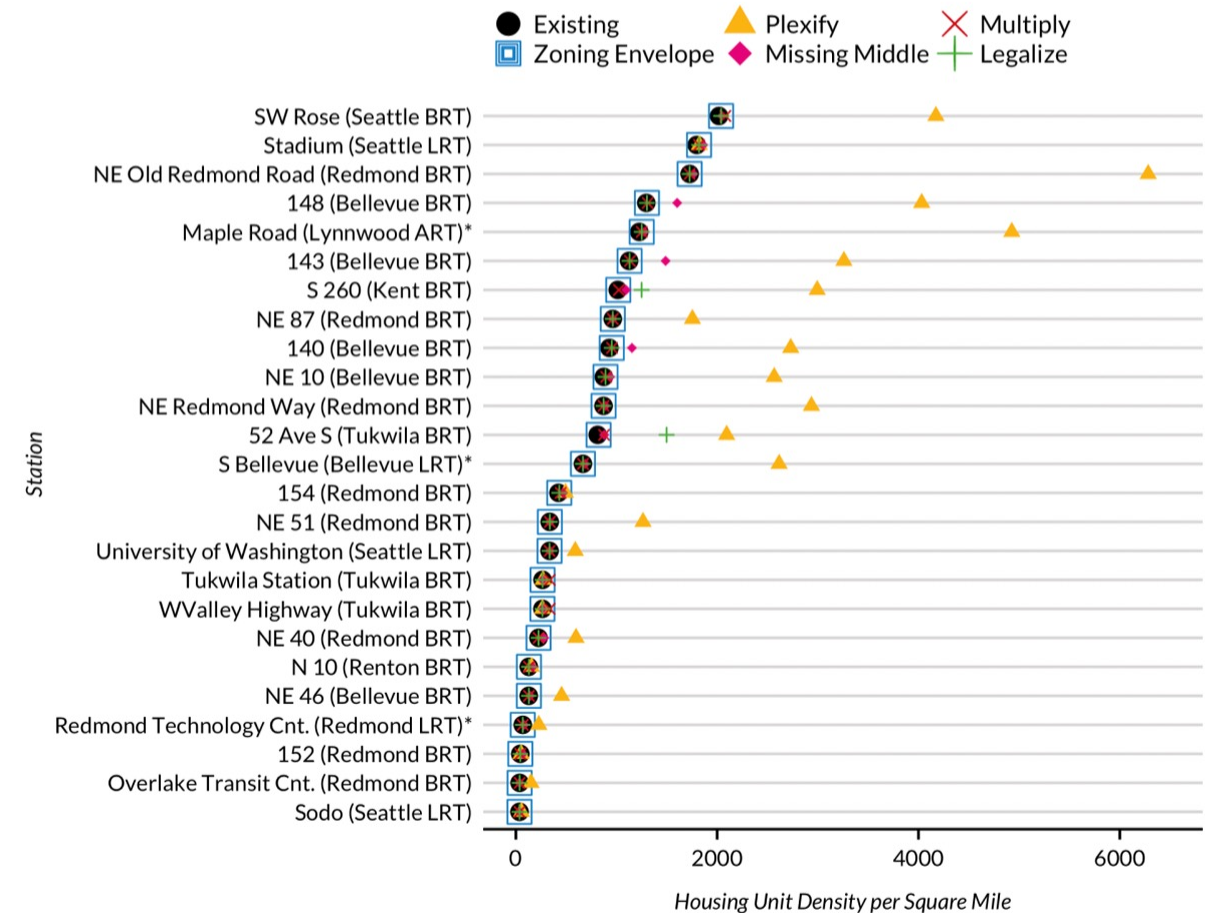
Stations with highest current housing densities



Reforms Impacts Vary Based on Station Area

- *Plexify* reform would be most effective in adding units in neighborhoods with most restrictive current zoning policies


Stations with the lowest percentage difference from current conditions to current zoning envelope



More Information

Report

METROPOLITAN HOUSING AND COMMUNITIES POLICY CENTER



RESEARCH REPORT

Making Room for Housing near Transit: Zoning’s Promise and Barriers

An Examination of Policy and Outcomes in the Puget Sound

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January 2023

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City-by-city maps

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Making Room for Housing near Transit

Options for Policy Reform in the Puget Sound Region

Yonah Freemark, Lydia Lo, Olivia Fiol, Gabe Samuels, and Andrew Trueblood

New construction has slowed in recent decades in the Puget Sound region. As a result, there is not enough housing to meet demand. **More than a third of the region’s renters spent more than 35 percent of their income on rent in 2020.**

One explanation for current conditions is the presence of restrictive zoning policies. **One-third of transit-adjacent land is zoned for single-family homes,** limiting housing construction overall.

Statewide zoning reforms could **increase housing production throughout the region by up to 70 percent.** That new housing could be built near the numerous light rail and bus rapid transit lines planned to be operational by 2040 and funded by taxpayer-approved referendums.

A diversity of zoning reforms scaled to community needs is necessary. Changes could include allowing two- to four-unit buildings in single-family neighborhoods and encouraging increased housing density right next to stations.

Despite being home to a thriving economy known for disruption and innovation, the Puget Sound region has a housing problem. Specifically, it suffers from high costs and increased crowding because of limited housing availability. The 200,000 new housing units added over the last decade are not enough to keep pace with the region’s record-setting population growth.

This inadequate housing supply can be partially attributed to zoning restrictions around many public transit stations. Many of the region’s municipalities require parking in association with new housing, increasing construction costs. Some inhibit the construction of multifamily housing altogether, even though such units would provide residents access to the growing network of bus and rail lines.

The Puget Sound region has a unique opportunity to build on its strengths by expanding access to housing near transit, which will provide affordable and sustainable transportation options for all. Here, we show how different zoning policies could affect housing stock near transit in jurisdictions across the region. Additional information about these proposed reforms is available in the accompanying report.

Imagining Housing-Rich Neighborhoods near Transit
New land-use regulations could encourage mixed-use, vibrant communities



Source: Illustration by TBD Studio for the Urban Institute.

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Fact sheets

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Housing Availability in the Puget Sound Region

Units Aren’t Added Fast Enough—and They’re Not Where We Need Them

Yonah Freemark

The rate of growth in housing units in the Puget Sound region has declined each decade since the 1970s. Between 2010 and 2020, the number of units available grew by 12 percent—4 percentage points lower than the rate of population growth.

The region must increase housing production by 40 percent from 2020 to 2030 to meet the Puget Sound Regional Council’s housing needs projection.

Regional housing production is unevenly distributed. Edgewood, Issaquah, Kirkland, Redmond, and Seattle each added housing stock by more than 19 percent since 2010. That level, however, is inadequate given demand. Including Edmonds and Lake Forest Park, added housing by less than six percent.

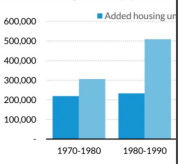
More housing is needed. Housing costs throughout the region remain high, even in cities building units. Almost half of Seattle renters, and a third of those in Kirkland and Redmond, spend more than 30 percent of income on housing.

The Puget Sound Regional Council estimates the area needs 810,000 new residential units to accommodate growth. More housing is needed to keep pace with the region’s record-setting population growth. Governments must develop new policies to increase housing production.

DESPITE A GROWING POPULATION, between 2010 and 2020, fewer than 20 percent of new housing units were added in the Puget Sound region, the slowest increase since the 1970s, both in absolute terms and as a percentage of the population (figure 1). The decline in housing growth sped up. In the 2010s, the population grew by 19 percent, while housing growth slowed to 12 percent. Limited housing availability will increase housing costs, and make the Puget Sound a less attractive place to live.

Housing growth is focused on the region’s fastest-growing areas. Between 2010 and 2020, housing growth in the Puget Sound region was faster than in the rest of the state. Development was both greater in absolute terms (grew at 5 percent), and greater than in the rest of the state (grew at 3 percent).

FIGURE 1
Puget Sound Counties Are Slow to Grow in housing units and population, but growth is concentrated in a few areas.



Source: Author calculations based on US Census data. Notes: Includes data for King, Kitsap, Pierce, and Snohomish counties.

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Zoning Policy in the Puget Sound

Despite Progress, Much of the Region is Unwelcoming to Development

Yonah Freemark, Olivia Fiol, and Sophia Weng

Housing costs in the Puget Sound region are rising, in part due to local land-use regulations that limit the ability to construct adequate new housing.

More than 70 percent of all residential land in Bellevue and Seattle is reserved for single-family homes. Many other communities have less room for apartments.

More than half of new housing in the region is being permitted in areas near transit, giving more people access to environmentally friendly transit in the future. The majority of these permits are for projects in multi-family zones, with few permits in areas zoned for only single-family homes.

But a third of the land near transit remains off limits to the construction of anything other than single-family homes.

New state legislation could help fill the gap by requiring municipalities throughout the region to zone for multi-family housing, which could make space for hundreds of thousands of new housing units.

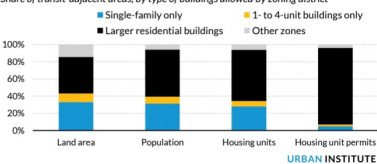
Thanks to a thriving economy and high quality of life, the Puget Sound region is highly sought-after. But the metropolitan area suffers from elevated housing costs, in part due to limited housing availability. Local land-use rules, like zoning for large lots and single-family homes, restrict how much can be built, limiting construction. New regulations allowing affordable duplexes and fourplexes in single-family neighborhoods, plus high-density, mixed-use projects near transit, could help meet demand by creating space to construct hundreds of thousands of new homes.

ZONING POLICY IS LIMITING CONSTRUCTION NEAR TRANSIT
Building near transit provides residents access to affordable and environmentally sustainable transportation. In the Puget Sound, most new housing permits over the past 20 years were located near existing, under construction, or planned fixed-guideway transit lines, such as light rail and bus rapid transit services.

Permitting varies based on local government zoning policies. Near transit, about a third of the land is restricted to single-family home construction (figure 1). Yet less than 5 percent of housing permits are located in such zones—compared to almost 90 percent in zones that allow apartments. If the single-family zones allowed multi-family housing development, the region could add up to 65 percent more new housing permits—equivalent to 120,000 homes—depending on developer interest.

FIGURE 1
Permitting Occurs Disproportionately in Multi-Family Zones

Share of transit-adjacent areas, by type of buildings allowed by zoning district



Source: Author calculations based on data from the US Census Bureau and Puget Sound Regional Council (PSRC), and zoning collected from jurisdictions in King, Pierce, and Snohomish counties. Notes: Includes data for land within a half-mile of existing and planned fixed-guideway transit.

Errata: This fact sheet was corrected on November 3, 2022. The map now reflects that some districts in the city of Kirkland allow properties with up to 3 units. On page 2, Kirkland was removed from the list of suburban communities that zone 90 percent or more (not 95 percent or more) of residential land for single-family units.

<https://www.urban.org/projects/improving-housing-affordability-through-data-and-evidence>

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Thanks!

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