

A New Missing Middle?

The disappearance of moderate sized housing



Puget Sound Regional Council



May 2025



We are leaders in the region to realize equity for all. Diversity, racial equity and inclusion are integrated into how we carry out all our work.

psrc.org/equity

Background



The Regional Housing Strategy was adopted by the Executive Board in February 2022.

PSRC will deliver an annual update to cities, counties, and other stakeholders as they implement the strategy.

This presentation continues that work, digging deeper following the 2024 Housing Monitoring Update.



Follow-up to 2024 Housing Monitoring

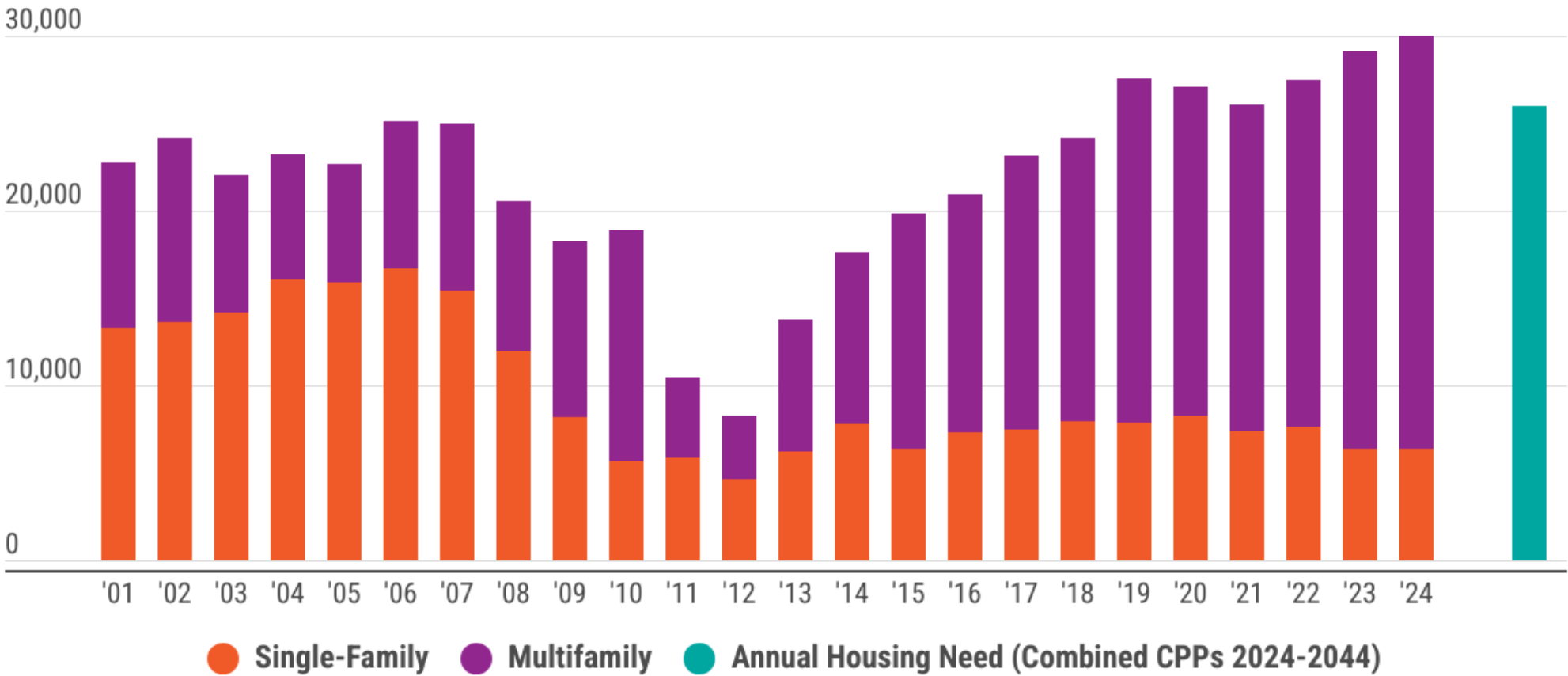
Housing Production

In the fall of 2024, PSRC stated that overall housing production hit an all-time high.

Given board feedback, we dug in further, focusing on housing production by tenure and unit size.

Follow-up to 2024 Housing Monitoring

Annual housing production through 2024 was at an all-time high, but these data do not speak to the tenure or size of the units



Source: PSRC calculations using: OFM, Postcensal Housing Unit Estimates 2000–2024, Intercensal Housing Estimates 2000–2020; 2000 Decennial Census, Table H30.



Follow-up to 2024 Housing Monitoring

- Single family housing typically means **ownership**, and multifamily typically means **rental**, but we cannot be sure with OFM data
- Switching to the American Community Survey (ACS) allows us to get at tenure and unit size



Ownership Housing Production

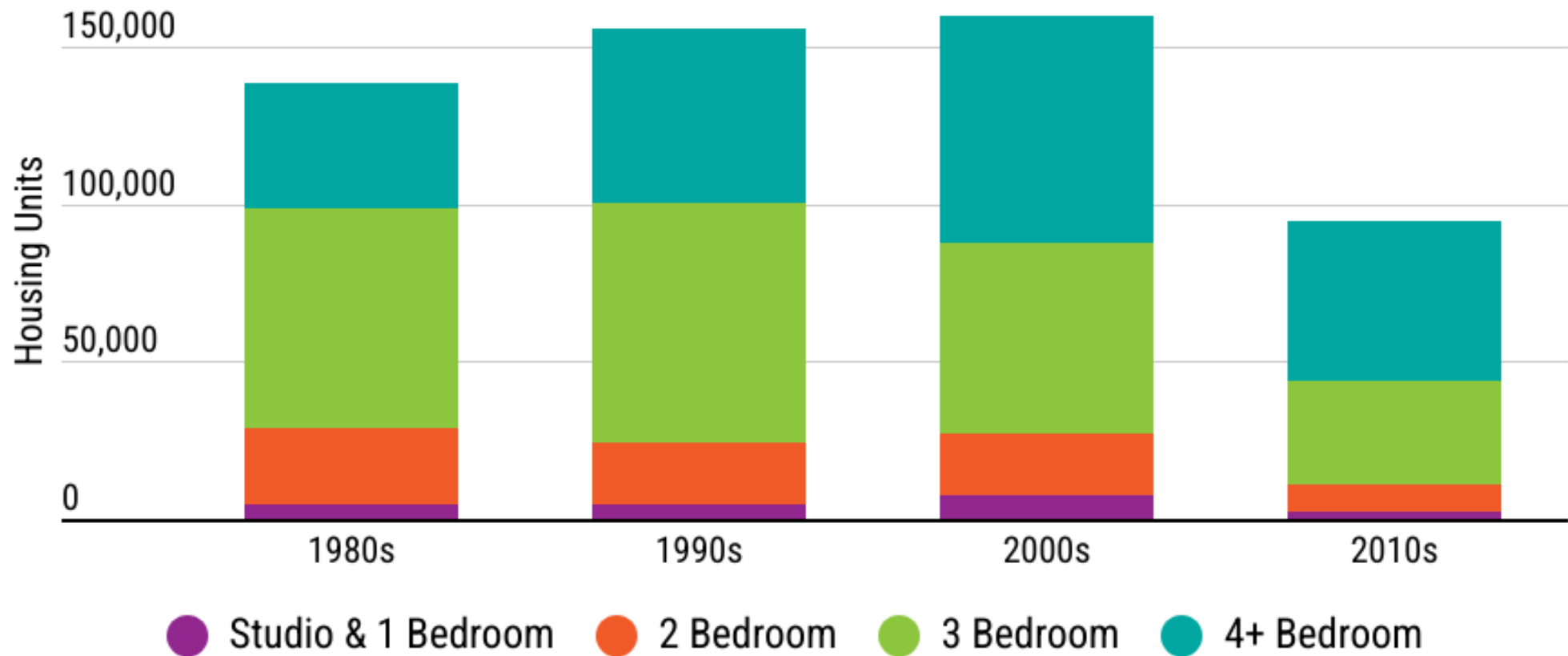
Ownership housing
production has
slumped

Production has not
recovered from the 2008
financial crisis



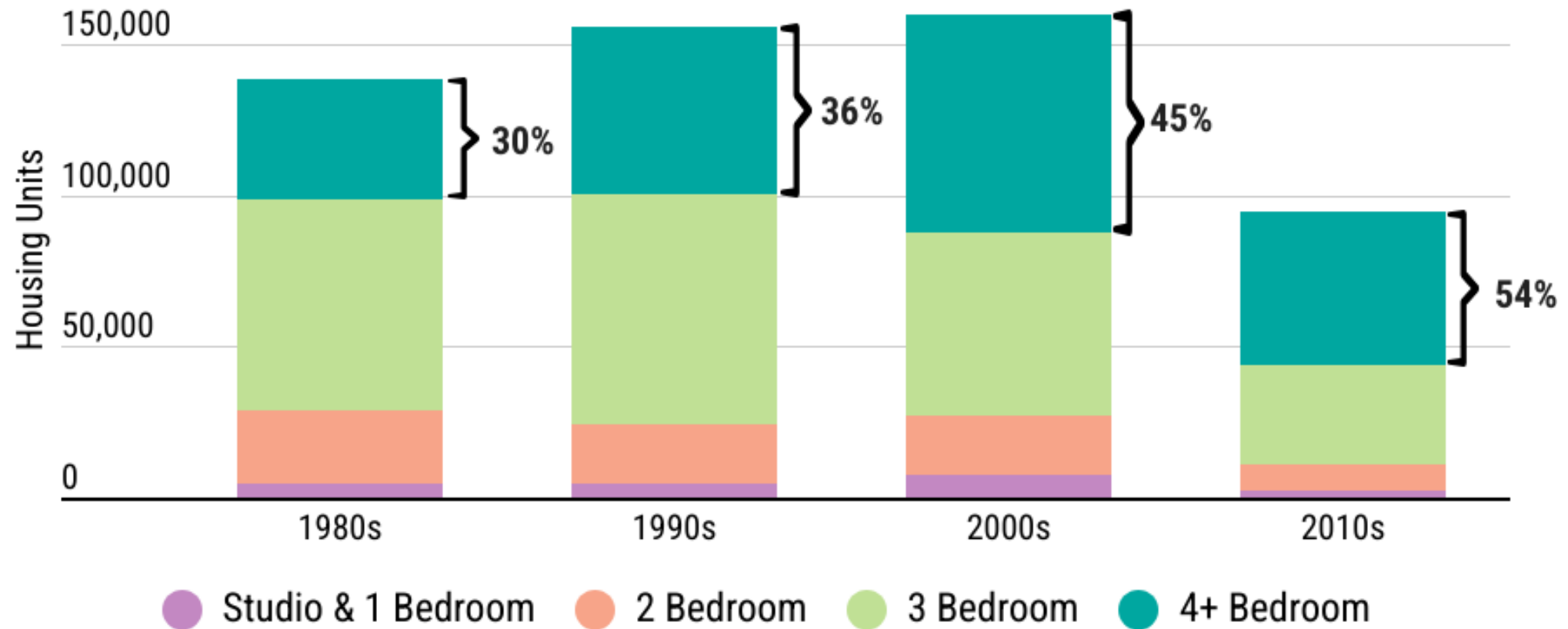
Ownership Housing Production

Nearly 80,000 fewer units were built in the 2010's compared to the 2000's. Units that were built are larger (and more expensive).



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Rental Housing Production

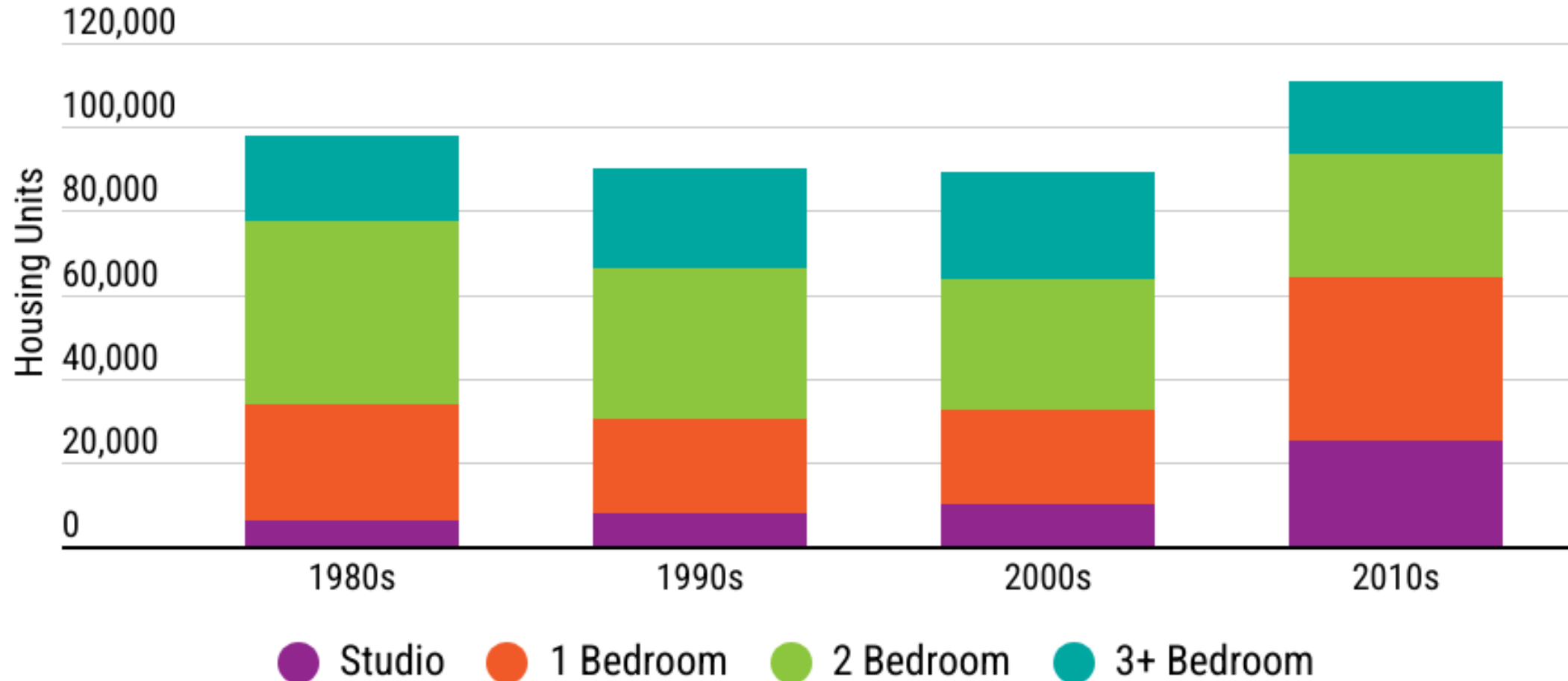
Rental housing
production has
boomed

Compared to prior
decades, the region built
more rentals than ever



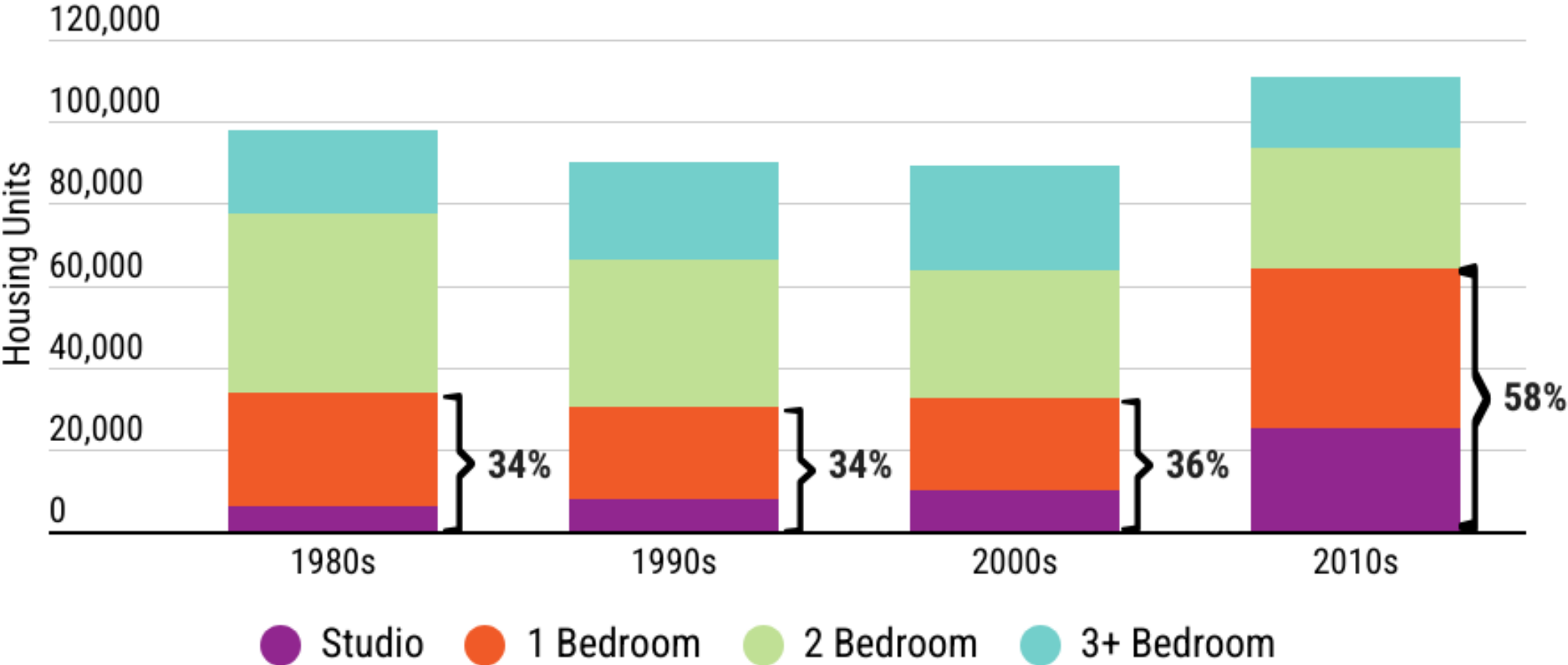
Rental Housing Production

Production of rental units is higher than in previous decades, driven by an increase in studio and one-bedroom units



Rental Housing Production

Production of rental units is higher than in previous decades, driven by an increase in studio and one-bedroom units



Source: 2023 American Community Survey (ACS) PUMS, 5-Year Estimates



Why is This Important?



- Lack of adequate supply in the ownership market **has ripple effects**
- Creates more demand in the rental market which **can push up rents**
- When rents rise quickly housing **instability and homelessness worsen**
- Fewer moderate-sized units for **growing families, downsizing empty-nesters, first-time buyers, etc.**



Why is This Important?

US Government
Accountability Office
(GAO) Analysis

- Each **\$100 increase** in median rent is associated with a **9% increase in homelessness**

Homelessness is a Housing Problem,
UW Professor Gregg Colburn

- “the researchers **test a range of conventional beliefs** about what drives the prevalence of homelessness—including mental illness, drug use, poverty, weather, generosity of public assistance, and low-income mobility—and find that none explain why... rates are so much higher in Seattle than in Chicago. Instead, **housing market conditions, such as the cost and availability of rental housing, offer a more convincing explanation.**”



How Do Jurisdictions Encourage Moderate Sized Housing?



- Plan for and accommodate housing for all levels of income (HB1220)
- Middle housing (HB1110) and ADU reform (HB1337) could encourage more moderate sized units
- Allow for additional townhouse development
- Support small lot subdivisions that create new building opportunities



Middle Housing Can Provide Moderately Sized Ownership Opportunities

- Single family new construction in Kirkland, WA
- 5 bedroom, 4000 sq ft
- Sold for \$3.2 million in 2021



Middle Housing Can Provide Moderately Sized Ownership Opportunities

- Right across the street!
- Cottage-style single family new construction in Kirkland, WA
- 2 homes on one lot
- 3 bedroom, 1700 sq ft
- Sold for \$1.6 million in 2022, 50% less than the neighboring home



Middle Housing Can Provide Moderately Sized Ownership Opportunities

URBAN
SERIES
eco-FLYER
Take a photo!

\$1,485,000

7317 124TH AVE NE, KIRKLAND, WA 98033 | 3 BEDROOMS | 2.5 BATHS | 1,653 SQ. FT. HOME | MLS #1988278

MAIN LEVEL

UPPER LEVEL

SAGE LOT 4

The Eastside's premier builder takes architecturally-inspired design to new heights with this eye-popping, luxury residence.

- Chef's kitchen with high-end appliances including a built-in fridge, induction cooktop range, and waterfall quartz island.
- Outdoor living area is ideal for entertaining with a fully fenced back yard, plumbing for a fire pit, and gas stub for BBQ grill.
- Master suite offers large walk-in closet, spa-like bath with high ceilings, skylights, dual vanity, soaking tub, and shower with bench seat.
- Laundry room with custom cabinets, washer and dryer, and quartz countertop with utility sink.
- Garage features a 50-amp 240-volt circuit for electric car charger.
- Best-in-class Smart Home technologies combined for smarter living, that's the MERIT "SMART" HOME difference.
- Great South Rose Hill location just minutes to I-405, major employment, Tukwila Lake Village, Kirkland Urban, and all that downtown Kirkland has to offer.

MERIT HOMES
We Bring Your Dream Home

Visit us at: www.Merithomesinc.com

All prices, floor plans, features and finishes are subject to change or subject to site observation.

Please contact me for more information.
FAISAL RAMJEE
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faisal@merithomesinc.com

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D|R
Design Realty
Professional Realty Services

\$3,499,989

12235 NE 73rd Street
Kirkland, WA 98033

5 bed • 4.5 bath • 4,090 sqft

Stunning luxury home in Kirkland's Rose Hill neighborhood. Built by Merit Homes in 2021 with ease of living and entertainment in mind. Chef's kitchen features Thermador appliances, wine cooler, and massive waterfall island. Enjoy indoor-outdoor living with LaCantina glass doors that open the great room to a covered patio with a built in natural gas grill, fire pit, and overhead speakers. Home office and primary style bedroom with ensuite on main level. Beautiful modern staircase. The primary suite boasts an impressive spa like bathroom complete with heated tile floors and towel rack. You'll love the walk-in closet! Amazing entertainment room features a wet bar and beverage cooler. Beautifully maintained park-like property.

MLS #1984834

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Thank You!

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