Regional Housing Strategy

Growth Management Policy Board
Recommended Draft

Puget Sound Regional Council

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In the central Puget Sound region, where the housing market is becoming increasingly unaffordable, many residents experience housing instability daily. Many residents in the region are facing an unprecedented challenge in finding and keeping a home that they can afford. 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. 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.

Addressing Racial Inequities in 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. The Regional Housing Strategy recognizes this legacy and of the comprehensive work needed to redress it.

Housing access and affordability are goals of the state Growth Management Act and key policy areas in VISION 2050, the region’s long-range plan for growth. Recognizing that housing access, affordability, and choice are regional issues that do not stop at a jurisdiction’s borders, VISION 2050 calls for a coordinated regional housing strategy. In addition to addressing existing gaps and needs, VISION 2050 identifies the need for more housing of all types to meet the needs of the region out to 2050.

Cities and counties throughout the region have a long history of planning for housing. Local comprehensive plans address housing access and affordability. Partnerships, like A Regional Coalition for Housing (ARCH), bring cities together to enact housing ordinances and to fund construction. Cities and counties are adopting new policies to encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.

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*Growth Management Act housing go*
subarea plans for downtowns, town centers, and transit stations to allow for more housing in denser, mixed-use development. Yet, even with the many successes, every community has a continuing and active role to play in meeting the region’s housing needs.

This strategy calls out the highest priority goals and actions to best implement VISION 2050 and meet the housing needs of our communities. These strategies will have the greatest impact at the necessary scale. However, actions such as zoning changes, renter protections, and funding often rely on individual local and agency actions that may be challenging to implement. Implementing these actions will require substantial efforts, shared accountability, and may meet resistance. For decades the region has struggled to provide enough housing for a growing population. The region is about two years behind in housing production and continuing to face acute housing challenges. If we are to meet the region’s housing needs now and in the future, cities, counties, agencies, coalitions, businesses, and other housing advocates need to begin now to implement these strategies.

What is the Regional Housing Strategy?

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.

The Regional Housing Strategy is intended to:

- Support the Growth Management Act and VISION 2050
- Provide a coordinated, data informed, and ambitious framework to address current and future housing needs for all residents
- Recognize and support the different roles local jurisdictions, agencies, and partners play in preserving and expanding both affordable and market-rate housing
- Inform, complement and advance future housing planning actions at regional, countywide, and local levels
- Center equity and use a racial equity lens to assess disparities, engage residents, and minimize burdens to vulnerable communities

This work began with development of the first region-wide assessment of housing needs. The Regional Housing Needs Assessment addresses the central question of “What are gaps between current and projected housing needs and housing supply?” The needs assessment analyzed the region’s housing stock and demonstrated how local and subregional housing need and supply fit into the regional picture. Findings from the Regional Housing Needs Assessment underscore that it is increasingly difficult to find and afford a home in the central Puget Sound region, and that these challenges are disproportionately felt by Black, Indigenous, and People of Color (BIPOC) communities. More on the Regional Housing Needs Assessment is available online. The Regional Housing Strategy is informed by the findings of the Regional Housing Needs Assessment, Growth Management Policy Board feedback, stakeholder outreach, and discussions among focus groups.
The Regional Housing Strategy will help guide and support upcoming local comprehensive plan updates. By providing data, guidance, and technical assistance, PSRC supports jurisdictions in their efforts to adopt best housing practices and establish coordinated local housing and affordable housing targets. More information about the Regional Housing Strategy and housing resources can be found at psrc.org/housing.

The Regional Housing Strategy is organized around the areas of supply, stability, and subsidy as a way to recognize the multiple facets of housing challenges. As a regional tool, it seeks to identify those strategies that are most important to address through regional and multijurisdictional coordination and those local actions that are essential to the implementation of VISION 2050.

**Regional Housing Strategy Goals and Actions**

The Regional Housing Needs Assessment underscores that it is increasingly difficult for people living and working in the central Puget Sound region to find housing that is affordable. With a need for more than 800,000 new housing units and more than a third of households anticipated to be at moderate- and lower-income levels, VISION 2050 aims to increase the construction of housing and to build more housing that is affordable to more families. In response to this need, the Regional Housing Strategy calls for three areas of action:

**Supply: Build more housing of different types**

To meet the region’s vision for a more livable, prosperous, and equitable future, more housing is needed of different types, costs, and with access to jobs, transit and services.

**Stability: Provide opportunities for residents to live in housing that meets their needs**

As the region grows and become a more expensive place to live, many households are at a serious threat of being displaced from their communities. More housing options and strategies are needed to help people have the option to stay in their neighborhoods, with an emphasis on lower-income communities and BIPOC communities that have been systemically excluded from homeownership opportunities.

**Subsidy: Create and sustain long-term funding sources to create and preserve housing for very low-income households and unhoused residents**

At the lowest income levels, the market is not capable of building housing at a cost that is affordable. Eliminating cost burden for households will require a major increase in funding to subsidize housing costs and to build more housing affordable to households earning less than $50,000 per year.
The region needs more housing of varied types in all communities. There is already a backlog of about 50,000 units needed to address current housing gaps and the region needs over 800,000 new housing units to accommodate the region’s needs through the year 2050. Not keeping up with population growth has exacerbated the upward pressure on housing costs. The region needs to build more housing to address the current backlog and reduce the impact on housing prices and rents.

Although jurisdictions do not typically build housing, zoning and development regulations at the local level play a significant role in whether and how much housing is built as the construction industry responds to growth. Most cities and counties have sufficient zoned capacity for growth in accordance with Buildable Lands reports. Even so, this capacity is not always located near transit stations, schools, jobs, or services, and zoning may not encourage the types of housing that best corresponds to needs or planned infrastructure. While the region is making major investments in transit and ferries, often the zoning near these transit station areas reflects decisions made decades ago. The Supply strategies call for a reexamination of residential zoning to create more places for multifamily and middle density housing and to reform single family zoning to increase flexibility and opportunities.

To reflect these needs and opportunities to improve housing supply, the Regional Housing Strategy calls for:

**Allow for more multi-family housing choices near transit to provide greater access for more people**

- **Increase the opportunity for moderate and higher density housing** to meet the goal of 65% of residential growth to be located near high-capacity transit stations. This could include increasing the land zoned for multifamily and mixed-use housing and revising multifamily zones to increase heights and densities. Areas near high-capacity transit stations, such as light rail, should be zoned for the highest housing densities.

**Allow for more middle density housing to provide greater housing choice for people at all stages of life**

- **Increase zoning that allows for moderate density “missing middle” housing** to increase opportunities for townhomes and multiple units in neighborhoods with infrastructure, services, and amenities. Zoning that supports moderate densities is limited in the region, while these forms of housing have been shown to be less costly than either single-family homes or higher density developments. Moderate density housing can fit well within established neighborhoods and significantly increasing housing supply and choices for households at 80-120% Area Median Income.¹

¹ More on Area Median Income and other commonly used housing terms is available online.
Allow for more housing choices within single-family zones to provide greater housing choice and less costly ownership options throughout the region

- **Reform single-family zoning** to increase opportunities for small lots, zero-lot line, accessory dwelling units, cottage homes, and up to six units per lot that serve a wider range of households, including singles, couples, seniors, and smaller families. The vast majority of zoning in the region is for exclusively single-family development, often requiring large lots. Due to the extensive amount of single-family zoning, even modestly increasing housing opportunities in single-family zones can have a significant regional impact in both more and less densely developed places. These modest density increases are critical for places farther from job centers and high capacity transit.

Reduce the costs to build housing

- **Increase densities, reduce minimum lot sizes, and reduce or eliminate parking requirements** to make it less costly per unit to build homes. Costs make home ownership increasingly out of reach for families and make development of more affordable housing choices difficult. Allowing increased densities, smaller lots, and less parking can significantly reduce the per unit costs of market-rate housing and affordable housing.

- **Increase development predictability** through cross-jurisdiction coordination and multi-jurisdiction housing organizations that works to increase regulatory consistency and reduce complexity. Developers report that varying regulations in jurisdictions across the region results in complexity and greater costs for housing.

- **Invest in education for trades people and new building technologies**. A key contributor to housing costs are labor and materials. Supporting a healthy work force to build housing is critical to ensuring supply can keep up with demand.

Stability: Provide opportunities for residents to live in housing that meets their needs

The rising cost of housing threatens the ability of people to remain in their communities. The housing market has experienced great highs and lows that have benefitted some and created and exacerbated hardship and inequalities for others. Following the precipitous drop in housing prices and foreclosures of the recession, the region’s economic upswing and strong job growth in the 2010s have fueled dramatic increases in rents and home prices. Despite job losses due to the COVID-19 pandemic and the resulting financial impact on many households, home prices have continued to increase in the region. Some may have been able to take advantage of historically low mortgage interest rates or lower rents, while others are in a challenging position due to loss of income and face the potential of eviction or foreclosure. An imbalanced recovery may further the threat of displacement of low-income households, people of color, and seniors on fixed incomes. As a result, housing costs are a greater burden for many households today than a decade ago, leaving less for other basic needs and amenities. Renters, and renters of color in particular, face a considerable shortage of affordable housing opportunities. And these households are often the most at risk of losing their housing and experiencing homelessness.
Regional growth centers and communities near transit are home to more people of color and higher concentrations of poverty than the region as a whole. As these central places continue to grow and develop, residents and businesses who contribute to these communities should have the option to remain and thrive and take advantage of new amenities and services. The Stability strategies call for education and financial support to provide opportunities for residents to continue to live in community, and to promote development that ensures housing is near transit, childcare, and other services and amenities needed to improve quality of life.

To reflect these needs and opportunities to improve housing stability, the Regional Housing Strategy calls for:

**Expand and strengthen tenant assistance and protections, and their enforcement to provide opportunities for residents to continue to live in their communities**

- Provide tenant counseling and assistance and landlord education education to further fair housing and the ability of tenants to remain in safe, healthy housing. Cities can work cooperatively and through local housing agencies to provide assistance, education, and enforce tenant protections to ensure available affordable housing meets basic health and safety standards.

**Increase access to home ownership, with an emphasis on BIPOC homeownership**

- Advocate for a bill to support equitable home ownership assistance that expands home ownership and down payment assistance programs to provide support for renters seeking to purchase a home in their community. Often renters are able to afford the monthly costs of housing, but lack the ability to make the down payment at the costs of housing today. Past efforts to provide low-cost mortgages and low-interest loans have been successful at increasing homeownership. A modern federal program could work use these tools to improve access to home ownership to low-income families and people of color.
Increase services and amenities to provide access to opportunity in low opportunity areas experiencing housing growth

- **Incentivize early childhood education centers, medical care, and other community serving commercial uses in mixed-used development.** Stable, affordable housing and community serving commercial uses – such as early education, medical care, community banking, and social services – set the foundation for economic opportunity. Families in the region face high housing cost burdens and are often displaced from high opportunity areas. Community serving commercial uses are similarly being displaced, and there is already a shortage of services in many communities. Development regulations can help to accelerate the development of community-serving commercial uses as ground floor commercial uses in new mixed-use development.

Leverage growth near transit and higher opportunity areas to incentivize and/or require the creation and preservation of long-term affordable housing

- **Use voluntary and/or mandatory incentives** to include affordable housing in all new development in proximity to transit and in higher opportunity areas. Transit station areas are most at risk of displacement as they grow and people seek to take advantage of the region’s investments in transportation. Providing housing for moderate- and low-income households will increase the opportunities for families to remain in their communities even as they grow and change. These areas are particularly suited to incentives and affordability requirements that can be included as areas near transit are zoned for higher densities. Other higher opportunity areas, including single family zones, may also be suited to affordability incentives that can leverage strong housing markets to increase inclusion. Incentives should be designed to support the development of affordable housing, not stifle production by adding to the costs of development.

- **Adopt MFTE in all areas near frequent transit** where allowed under state law. The multifamily tax exemption allowed by state law has been shown in PSRC’s survey of local jurisdictions to be the most effective tool at creating more housing and housing units at moderate-income levels. Continuing and expanding its use to all allowed areas would be a major factor in creating housing for households earning less than 80% AMI. MFTE could be used with other incentives, funding and tools to also reach lower income levels and expand the subsidy longer than the usual 8- or 12-year period. Smaller communities may need assistance from multi-jurisdiction housing organizations to implement MFTE.

Subsidy: Create and sustain long-term funding sources to create and preserve housing for very low-income households and unhoused residents

Homes provided by the private market make up most housing in the region. However, the private market alone cannot provide housing for all residents. Income restricted units (often also referred to as subsidized units) – made possible with federal, state, and local funding and incentives that ensure long-term rent or income restrictions – provide affordable housing that the private market cannot. Rent restrictions are typically set at 30 percent of the household’s income, meaning that, ideally, no one living in a subsidized unit is cost burdened. Income restricted units are typically targeted to meet the needs of low and very low-income households as well as who need specific services.
The region cannot fully address affordability needs until the housing needs of extremely low-income (less than 30 percent AMI) households are met. Addressing the needs of the lowest income households will cause a chain reaction, freeing up more moderately priced housing units that are more affordable for households at higher income thresholds. The current housing crisis is not something that we can "build out way out of" with market rate housing alone. This will require significant incentives, subsidies, and funding as the private market cannot produce housing affordable to these households without public intervention. The Subsidy strategies call for identifying existing and new funding sources from a variety of housing stakeholders.

To reflect these needs and opportunities to improve housing subsidy, the Regional Housing Strategy calls for:

**Identify public, private, and philanthropic funding to increase affordable housing and access to housing for lower-income families**

- **Advocate for substantial federal and state funding** to address affordability for very low-income households. The federal government provides tax incentives for homeownership, that primarily benefits higher income households, but spending directed toward low-income households has decreased compared to historic levels. Federal rental assistance targets households with incomes below 30 percent of the median level, which are often elderly people, people with disabilities, and working poor families. Due to funding limitation, rental assistance programs only reach a fraction of those with needs. More funding for assistance and to build more affordable housing options is necessary to meet the needs for very low-income households. Further, addressing the need for housing at very low-income levels adds to the overall availability of housing and reduces pressure on the housing market, creating greater housing opportunities for those families at low- and moderate-income levels.

- **Encourage major employers to finance affordable housing** construction and preservation to provide opportunities for employees to live closer to where they work. Employers are increasingly seeing housing access as critical to attracting employees, contributing to livable communities, and a moral responsibility. Major employers have recently committed to spending millionstowards affordable housing and homelessness. Local jurisdictions and housing organizations can facilitate continued corporate involvement.

- **Expand local funding options** and how they are used across the region. Adopting a housing levy or increasing general funds towards housing may be challenging for communities. However, local funding can be critical to “match” other funding sources and to demonstrate an ongoing commitment to increasing housing affordability. Local housing levies and funds have played a significant role in building housing and are often coordinated through subregional housing agencies. Recognizing that it may be impossible for smaller communities to individually develop and manage local housing funds, strengthening multi-jurisdiction housing organizations may be key to raising and coordinating housing funding.
Implementation

The collective work of PSRC, counties, cities, and other agencies and organizations is needed to implement the Regional Housing Strategy and meet the region’s housing needs. Many of the needed actions require work by cities and counties as zoning and permitting are local functions.

Past housing planning efforts underscore that a plan is only as strong as its ability to be implemented. The Regional Housing Strategy strives to engage all 86 jurisdictions in the central Puget Sound region to address housing in a more coordinated and collaborative way, while also recognizing local circumstances. For this to happen, we as a region need to hold ourselves accountable to implementing the strategy over the coming years.

Cities and counties must be strategic in allocating funding, resources, and organizational capacity to take on planning projects in addition to the required 2024 plan update, such as new rezones and code amendments. Recognizing that individual cities have limited capacity, most communities in the region have been forming regional housing agencies, such as A Regional Coalition for Housing (ARCH) and South King Housing and Homelessness Partnership (SKHHP) in King County, the Alliance for Housing Affordability (AHA) in Snohomish County, and South Sound Housing Affordability Partners (SSHAP) in Pierce County. Although some of these organizations are new and small, they may be critical to the implementation of the Regional Housing Strategy in their ability to coordinate work across multiple jurisdictions. Coordination at the subregional level has also proven effective for state and federal advocacy work and for engaging with major employers and other private sector stakeholders.

During the development of VISION 2050, the board discussed how jurisdictions need to hold each other accountable for meeting growth objectives and allowing for housing. As a regional planning agency, PSRC does not have regulatory to enforce the actions of the Regional Housing Strategy, but there may be opportunities to incentivize housing actions through regional funding programs or other innovative approaches. PSRC also has opportunities to expand its role in technical assistance to potentially include model code and ordinances and exploratory research to expand the region’s “toolbox” of housing tools. Additionally, some of the actions called for in the draft Regional Housing Strategy require action at the state and/or federal level and coordination with private partners.

Based on this feedback the following implementation approaches are proposed to address existing gaps in capacity, resources and funding.
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<th>CAPACITY</th>
<th>RESOURCES</th>
<th>FUNDING</th>
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| **Federal** | | • Expand LIHTC, Section 8, credit enhancement, low interest loans, and other funding sources to build and preserve income restricted units  
• Expand home ownership and down payment assistance for moderate- and lower-income households  
• Expand foreclosure prevention support |
| **State** | • Support local jurisdictions in advocating for Federal reforms  
• Provide technical assistance to support comprehensive plan updates and ongoing housing work | • Expand the Housing Trust Fund to build and preserve income restricted units  
• Expand home ownership and down payment assistance and matching programs for moderate- and lower-income households  
• Expand foreclosure prevention support  
• Support the continued authorization of local funding mechanisms and provide additional funding options for local jurisdictions, including REET 3 and a payroll tax |
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<tr>
<td><strong>PSRC</strong></td>
<td>• Support state and local efforts to advocate for funding reforms</td>
<td>• Provide technical assistance to support local work, including guidance on engaging community members, and model codes and ordinances</td>
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<td>• Convene stakeholders to increase collaboration, resource sharing, and public-private partnerships</td>
<td>• Develop and use a typology to identify the strategies, tools, and actions that have the most potential to make an impact in different types of places</td>
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<td>• Convene stakeholders to increase collaboration, resource sharing, and public-private partnerships</td>
<td>• Explore the feasibility of potential new tools and resources, including opportunities to land bank and other opportunities to drive down costs</td>
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<td>• Support state and local efforts to advocate for funding reforms</td>
<td>• Provide data and ongoing monitoring, coordinating monitoring efforts with other local and subregional monitoring efforts.</td>
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<td><strong>Sub-Regional Agencies</strong></td>
<td>• Convene stakeholders to increase collaboration, resource sharing, and public-private partnerships</td>
<td>• Explore financial incentives for housing actions, including prioritizing transportation funding for projects that support affordable housing</td>
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<td>• Explore housing planning requirements in Plan Review and Certification as they relate to transportation and access to jobs and services.</td>
<td>• Explore establishing a housing benefit district, if enabled</td>
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| **Sub-Regional Agencies** | • Support state and local efforts to advocate for funding reforms | • Support local audits of existing development regulations and revise as needed |
|            | • Convene stakeholders to increase collaboration, resource sharing, and public-private partnerships | • Increase consistency in development regulations and incentives |
| | • Establish and/or expand a capital fund | • Explore establishing a housing benefit district, if enabled |
Typology

The Regional Housing Strategy provides the region an opportunity to take a more coordinated approach to address housing access and affordability. However, the region includes a variety of jurisdictions, neighborhoods, and housing markets. Communities serve different functions in the region, such as dense downtown central business districts, smaller mixed-use neighborhood districts, and less dense single-family neighborhoods. At the local level, these places vary in their needs for housing investments and interventions, just as the people who live and work in these communities differ in their access to education, employment, housing, and other amenities and services to allow them to lead a successful life. Moreover, the local visions for these communities may differ greatly in terms of the amount and scale of future residential growth anticipated. Accordingly, different sets of strategies will help communities thrive and grow with equitable outcomes for current and future community members.

A typology is a way to retain a commonality of approach regionally while tailoring recommendations to specific locations based on their needs and opportunities. This classification framework assesses current conditions and utilizes existing regional policy to develop a framework to link appropriate implementation strategies to communities with common characteristics. The typology therefore would have two primary functions: 1) to assess existing community conditions and 2) to identify appropriate tools and actions to support housing access and affordability now and as places change and grow.

Following the adoption of the Regional Housing Strategy, PSRC will work with stakeholders to develop and use a typology to identify the strategies, tools, and actions that have the most potential to make an impact in different types of places.
Monitoring

In consultation with jurisdictions and other stakeholders, PSRC will develop a framework to track performance and outcomes over time and identify challenges or barriers over time. PSRC will also explore methods to share the most current data, such as an online dashboard. Performance measures should support the housing goal and policies in VISION 2050 and the strategies identified in the Regional Housing Strategy. Measures may include assessment of demographic characteristics, local adoption of housing tools and incentives, housing affordability, employment, amenities, and access to opportunity.

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. A coordinated, regionwide effort to build and preserve housing accessible to all residents is not just about housing. It is also about building healthy, complete, and welcoming communities where all families and people, regardless of income, race, family size or need, are able to live near good schools, transit, employment opportunities, and open space.