

City response to the housing crisis



There is no doubt that we have an affordable housing crisis in Washington and that we need swift and effective action. In partnership with the state, cities are working with their communities to assess local circumstances to develop and implement specific housing action plans.

Cities aren't afraid of change—cities are the laboratories of change. To truly succeed, change must involve and reflect the voice of the community. Blanket statewide solutions will not effectively address our housing crisis. However, a state-city partnership does work because our cities are working hard to address their unique housing needs—at the state's request and with recently provided state funding. More support, unique incentives, and tools will continue to advance our shared goal of housing availability and affordability.

Statewide mandates that fail to respect the constitutional authority of locally elected decision-makers and the intent of the Growth Management Act are not a feasible solution. Planning and zoning are complex processes that involve close community participation and thorough evaluation of local needs and circumstances.

During the last three sessions, legislative attention has focused on cities' role in authorizing development for a housing type known as "missing middle" housing – such as duplexes, triplexes, and courtyard apartments. Contrary to the belief that cities are not authorizing missing middle housing at the local level, at least 148 cities now allow middle housing in their single-family zones. Many cities allow middle housing development across the entire residential area. What is "missing" is the private market response.

Data from other states reflect this. For instance, statewide zoning changes in Oregon contained a provision restricting cities from projecting more than a 3% housing supply increase from the change. Further, a University of California Berkeley's

Cities support middle housing:

148
cities



allow middle housing in their single-family zones

Turner Center for Housing Innovation estimate shows that only about 1% of lots would see any new homebuilding because of California's zoning mandate, due to financial infeasibility (cost of land and existing single-family home). Both cases highlight that zoning mandates don't result in a significant impact on housing supply.

Elected city leaders are entrusted by their residents to make the difficult decisions. Cities across the state are already authorizing a variety of middle housing types, including the more than 50 cities that allow mixed single- and multifamily housing in at least 75% of their traditional single-family land base. If zoned capacity in traditional single-family neighborhoods was the impediment to solving the housing crisis, as legislative proposals have suggested, we should be seeing a proliferation of these uses where they are allowed. We aren't.

More than 50 cities
allow mixed single- and
multifamily housing
in at least 75% of their
traditional single-
family land base



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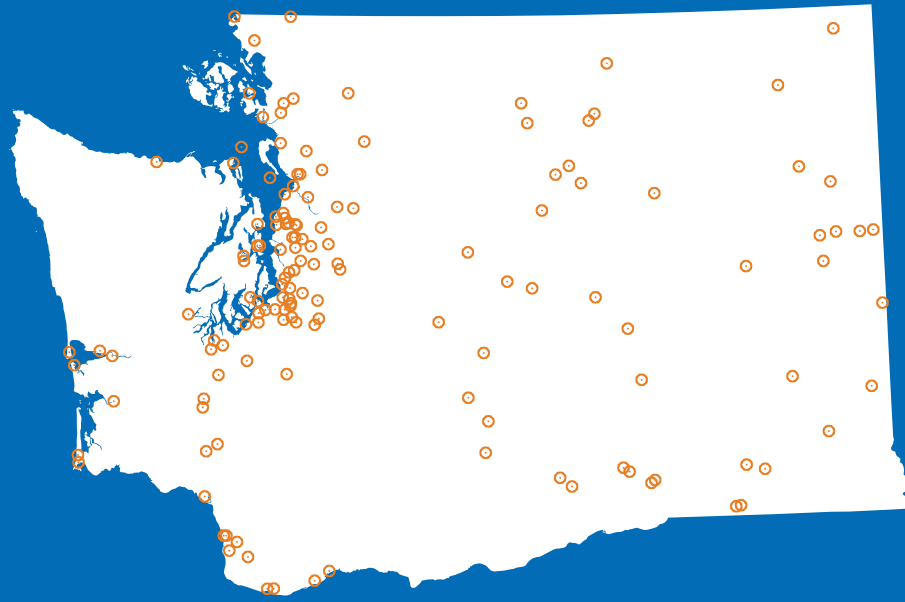
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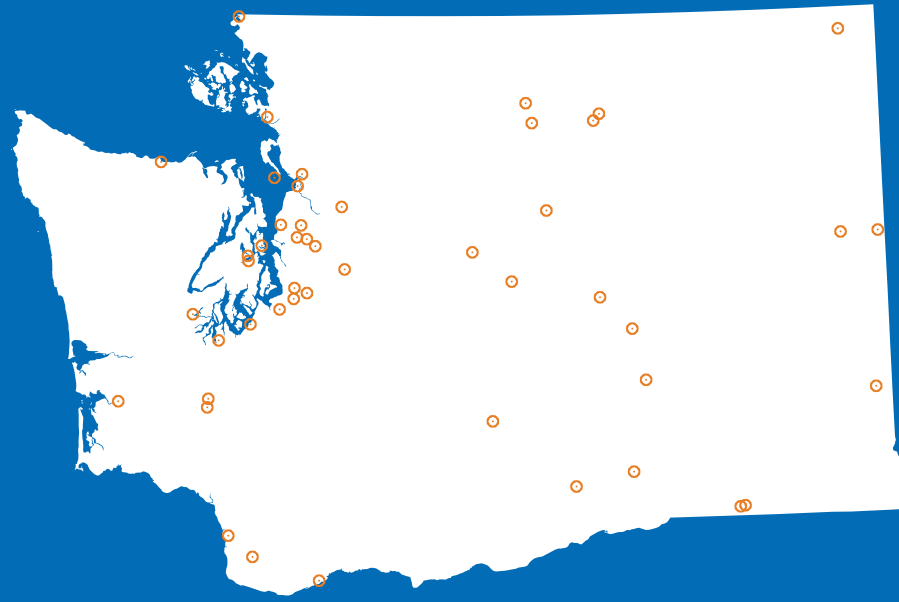
Cities have responded positively to legislative incentives by developing locally supported approaches to increase housing options and affordability. These voluntary, state-incentivized approaches are working—proving so promising that the approach was even incorporated into President Joe Biden’s housing agenda. However, it takes time for these changes to impact housing availability, and most have only been available since 2019.

Voluntary action and city response to state incentives on land use and housing in the last three years:

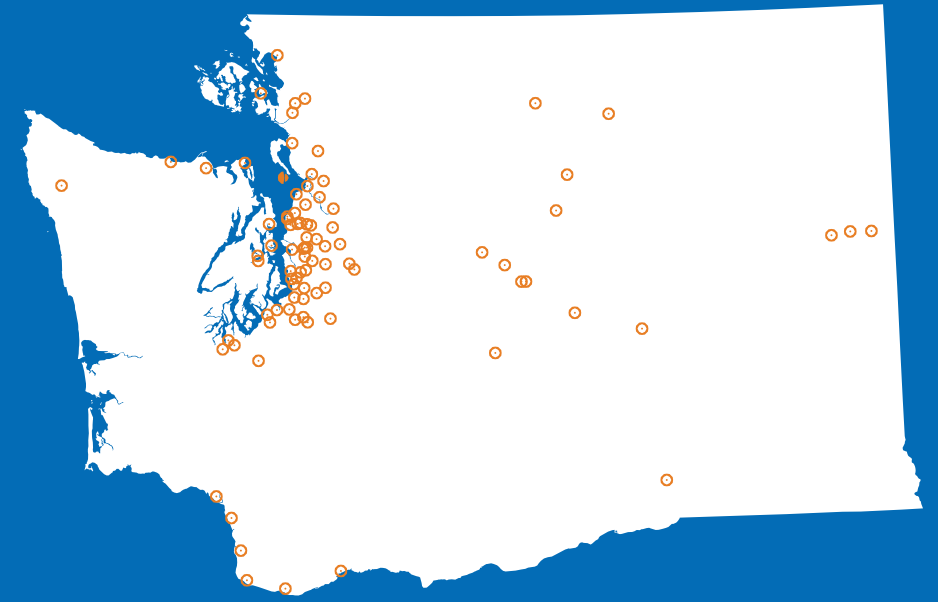
City allows middle housing in single-family zones



City has upzoned 75% single-family land base



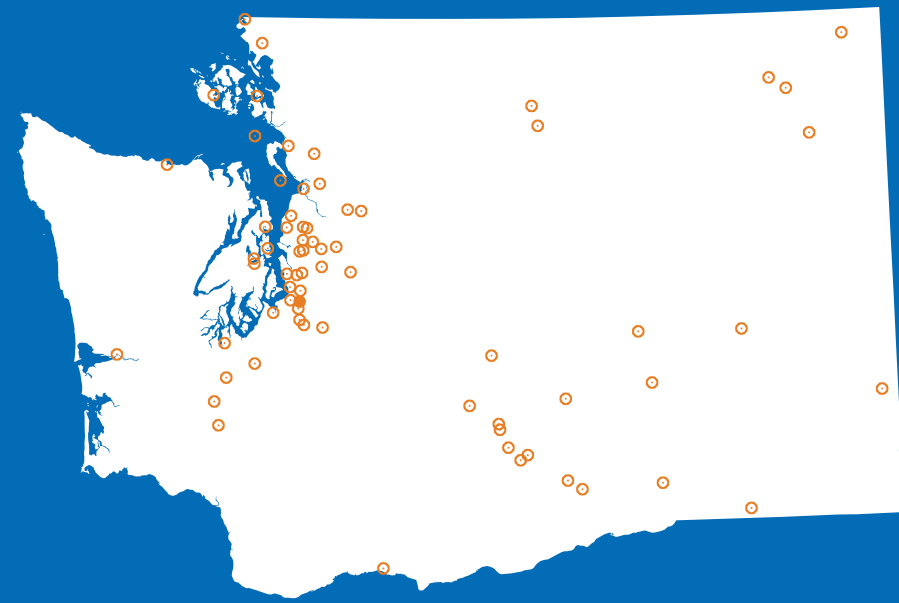
City adopted recent revenue tools (HB 1406 & HB 1590)



HB 1923 & HB 2343 – Incentivized increasing urban residential building capacity and parking restrictions near transit (2019 & 2020)

These bills encouraged cities to adopt new development regulations to increase density and to adopt housing action plans by offering up to \$100,000 in planning funds

City received Housing Action Plan grants



Operating budget appropriation: TODI grants (2021)

Transit-Oriented Development Implementation (TODI) grants help cities plan transit expansion and facilitate transit-oriented development

88 cities
responded –
representing

79%

of the state’s
incorporated
population

18 cities
responded;
with **11 cities**
awarded –
representing

1/3

of the state’s
incorporated
population

Cities across the state are integrating middle housing types into their neighborhoods.

However, the market is not responding to build this housing—at all in many places, let alone at affordable prices—once authorized.

Increasing housing construction requires more than merely authorizing it. Private developers need to be able to make a profit building and selling housing units. With a tight real estate market, there is little incentive to build innovative housing types, and no incentive to sell or rent for below market value—which is not affordable for most Washingtonians. The current reality is that if we want more diverse and more affordable housing types, we need to invest in constructing or acquiring them with public funds. **Cities welcome new financing options that would allow us to more directly engage in securing funding to get the right type of housing built for our communities.**

Examples of where middle housing is authorized but not being built—including some areas where large multifamily properties are in demand:

- **Covington** allows duplexes and townhouses in all residential zones; yet no permits were issued for anything other than single-family homes in 2019.
- **Edgewood** allows duplexes and cottage courts on about 50% of residential land. In 2019, 96 single-family permits and 48 multifamily permits for 20-49 units were issued.
- **Federal Way** allows cottage housing and condominiums on about 50% of residential land. In 2019, the market built 54 single-family housing units; 2 ADU/duplexes; and 200 50+ unit multifamily housing.
- **Kirkland** authorized duplexes in most single-family neighborhoods starting in 2007 and expanded their use in 2020. From March 2018 to September 2021, there was one building permit application for 2-3-unit homes, with none ultimately issued.

- **Lake Stevens** only has exclusive single-family zoning on the waterfront. Yet in 2019, the market responded by building 268 single-family homes, removing 6 ADU or duplex units, building 3 tri-quad units, and building 195 multifamily buildings with 20-49 units.
- **Olympia** allowed duplexes, townhouses, and cottage housing in 2019 but their proposed missing middle zoning changes were on appeal. In 2019, the city issued 41 single-family permits, including townhouses; 10 ADU permits; and permits for 270 multifamily units. In 2021, they permitted 24 units of middle housing – roughly the same as in 2020, when the city’s proposed middle housing zoning went into effect.

“We have allowed many of the tools in Redmond for some time and have precious little to show for it.”

- **Shelton** allows one duplex or triplex per lot. Fewer than 5 permits were issued annually in the last 5 years.
- **Walla Walla** eliminated single-family zoning in December 2018. In 2019, the city issued 55 single-family/ADU permits, and 120 permits for multifamily units. In 2020, there were 36 single-family/ADU permits and 5 multifamily. In 2021, 53 single-family/ADU permits were issued and 14 multifamily. *Note: Residential alteration/addition permits not included.*

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