



WINDERMERE
Economics

The Washington Ownership Housing Market

*Where We Were, Where We Are, & Where
We Are Going (if we aren't careful!)*

Presented by: Matthew Gardner

CHIEF ECONOMIST; WINDERMERE REAL ESTATE

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1

How Did We Get Here?



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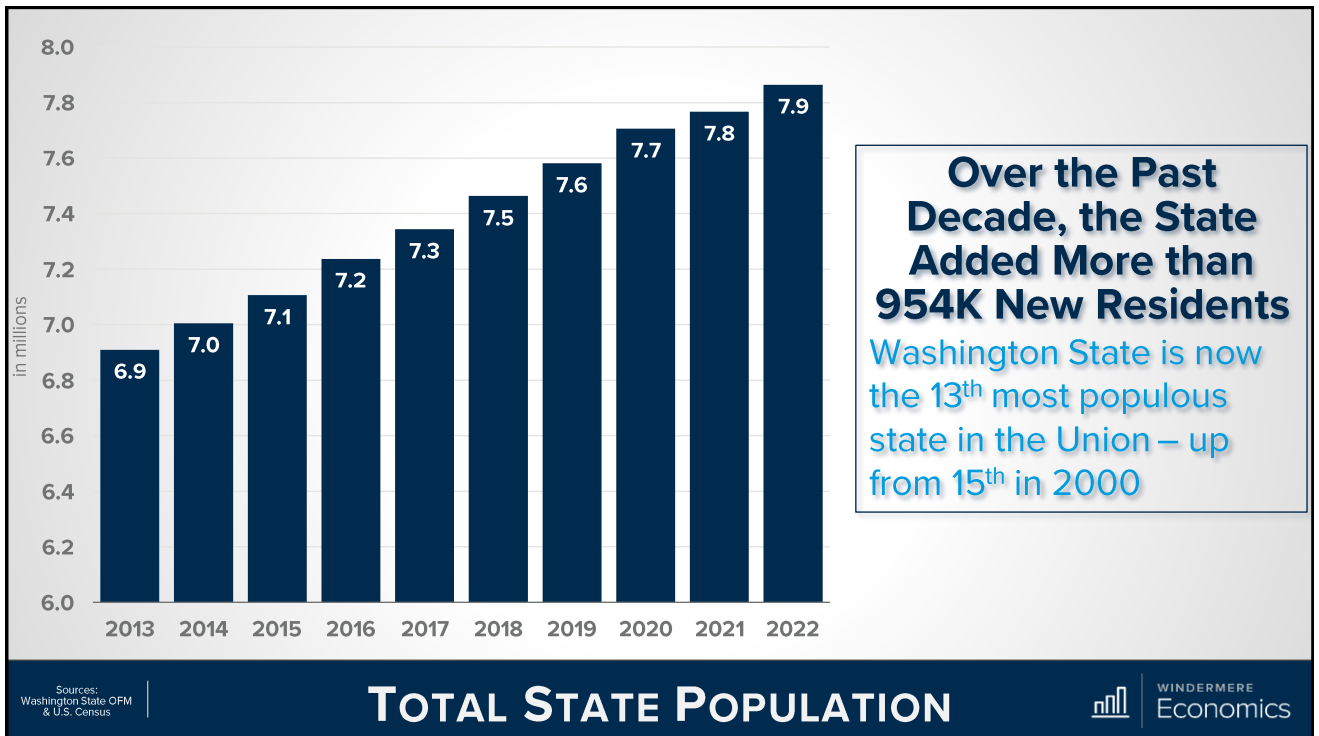
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Demographics

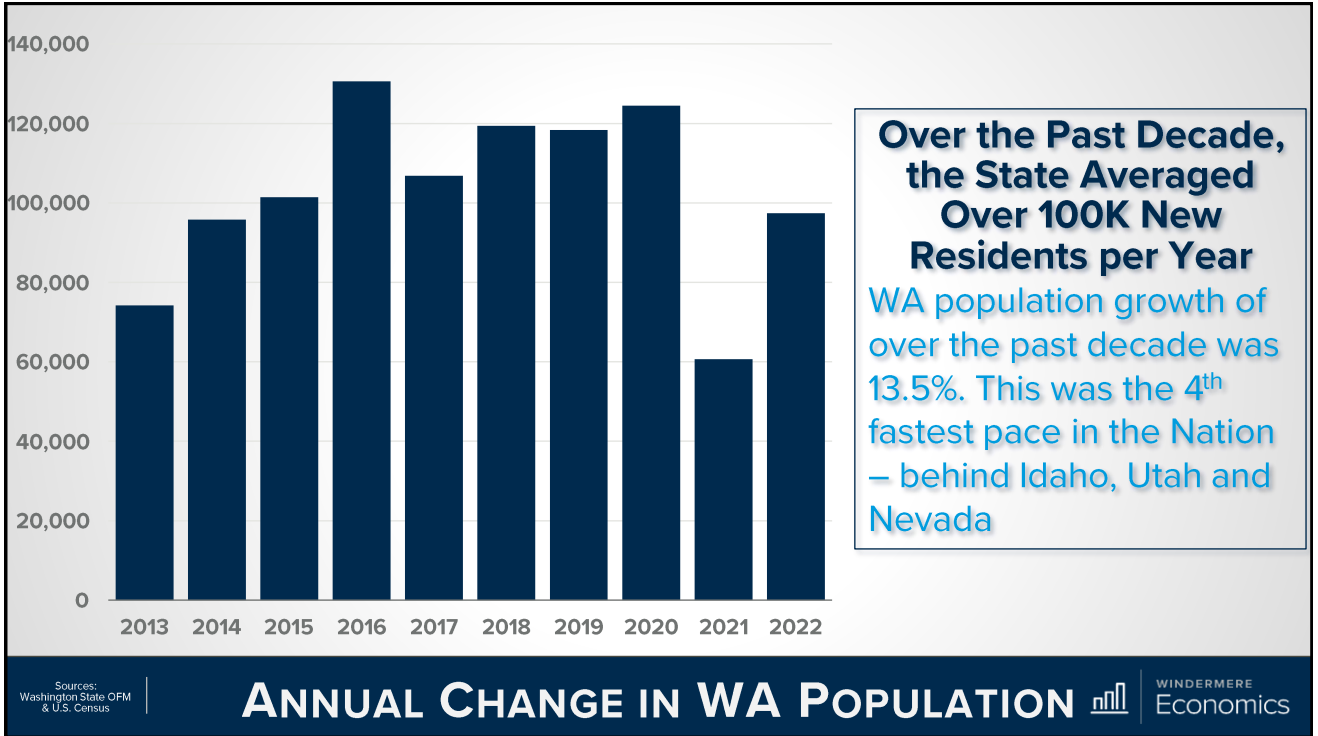


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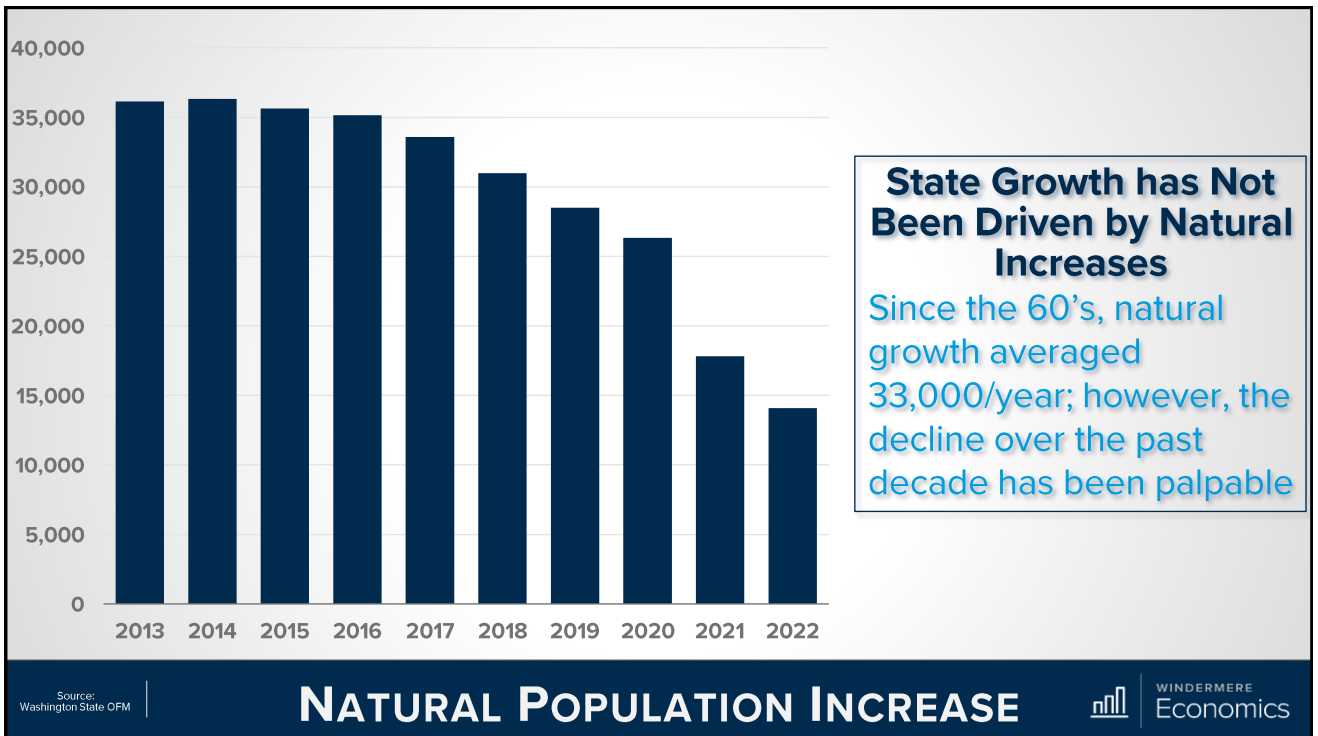
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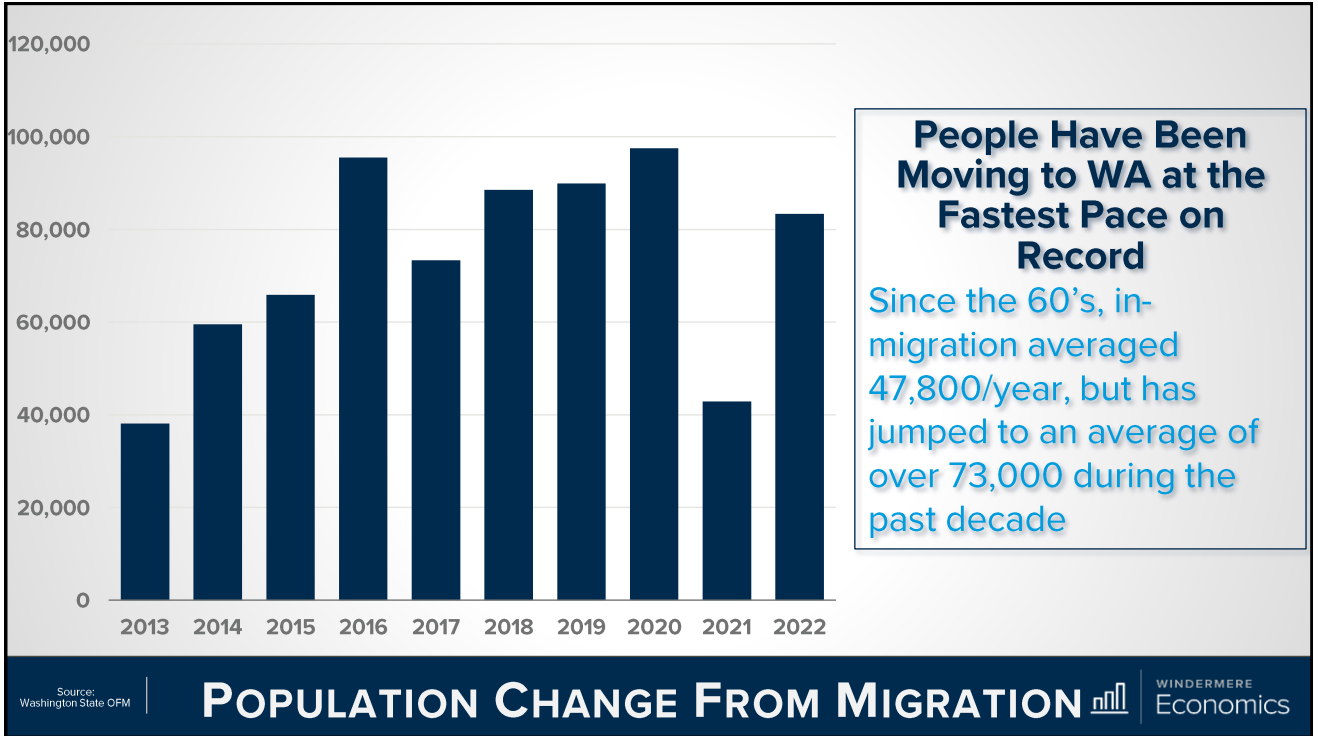
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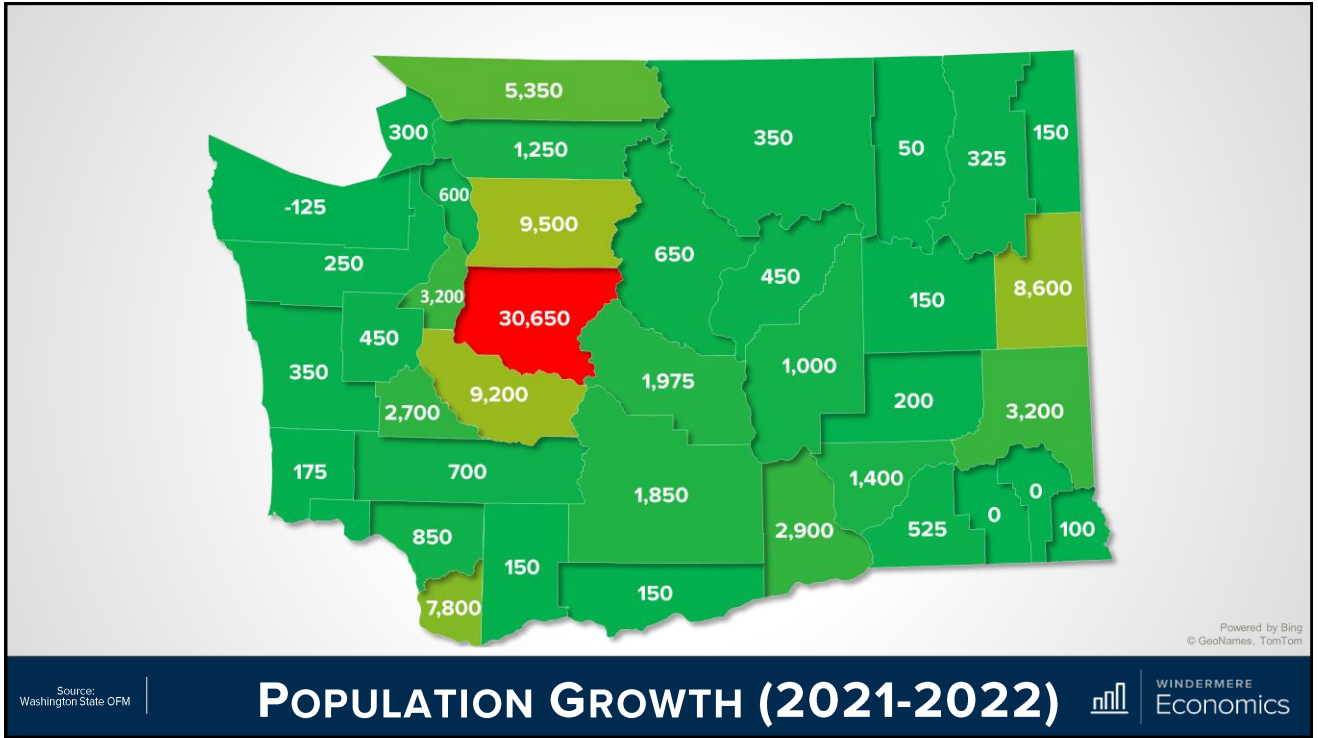


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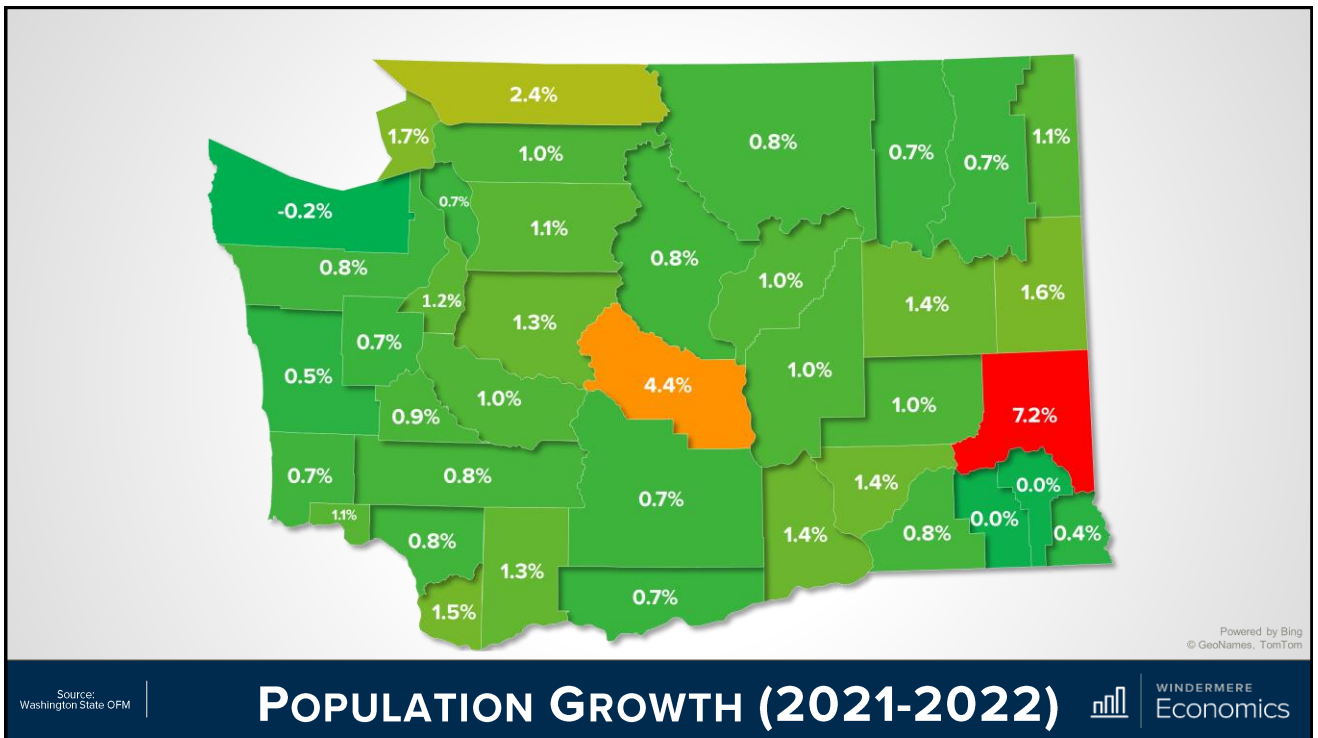
Washington Counties

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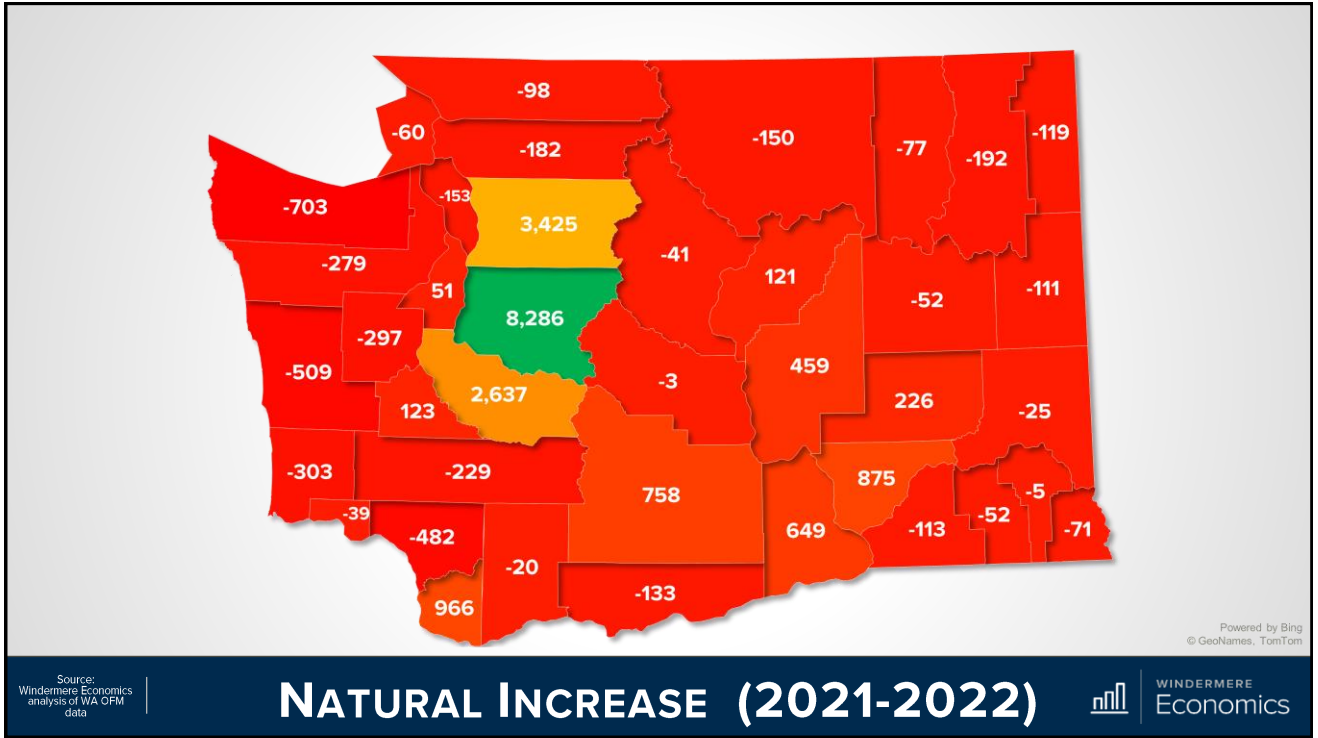
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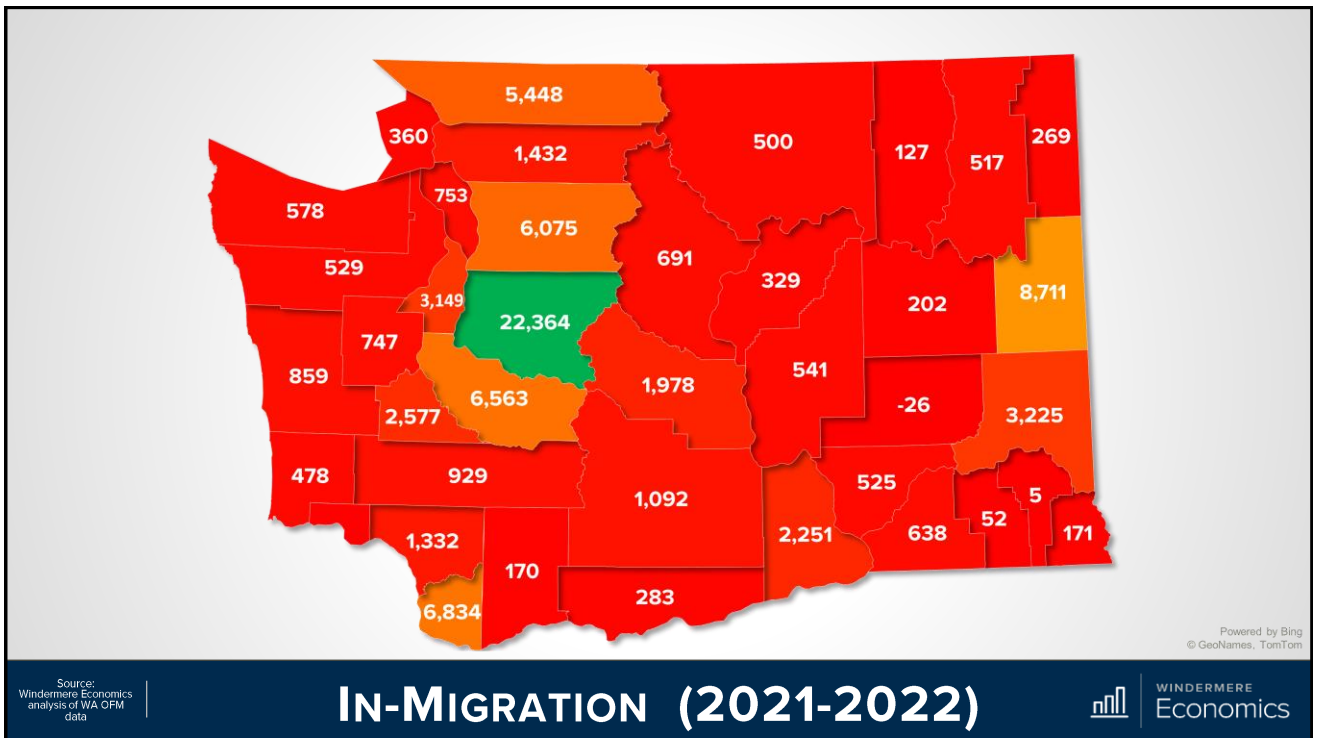
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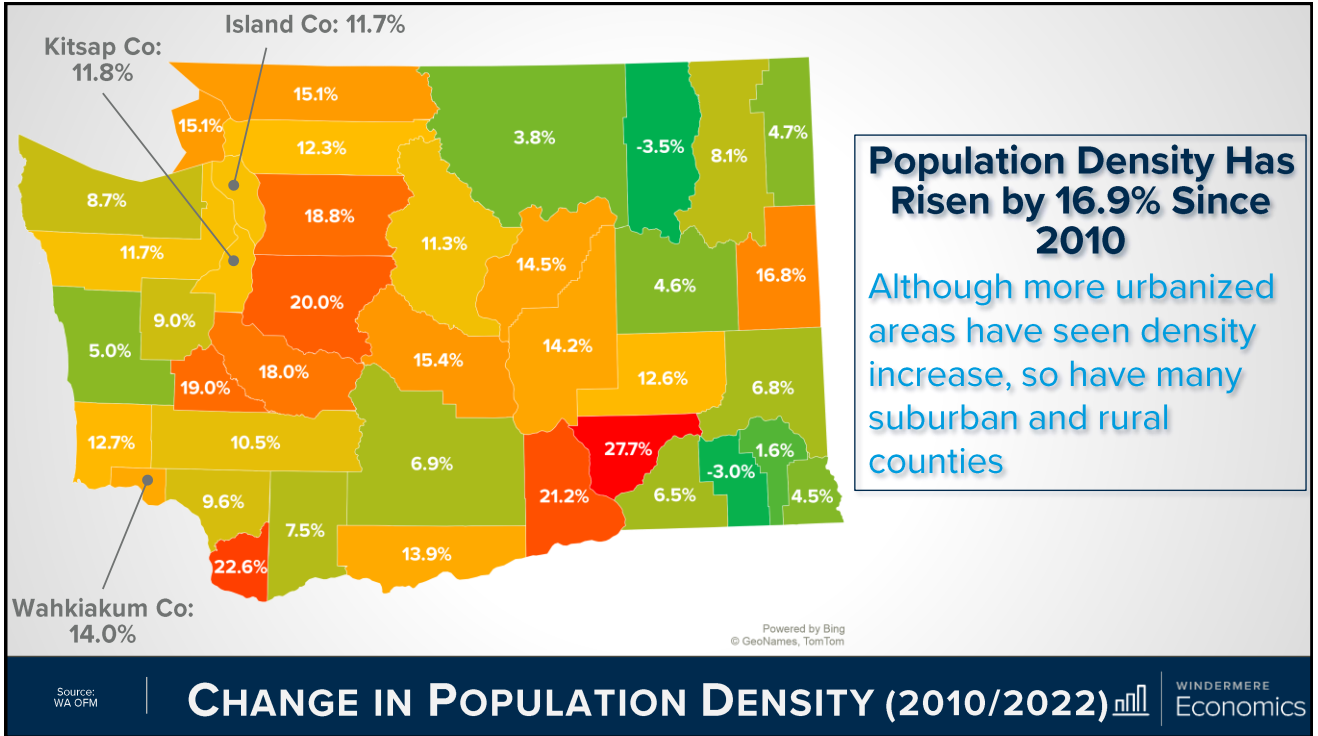
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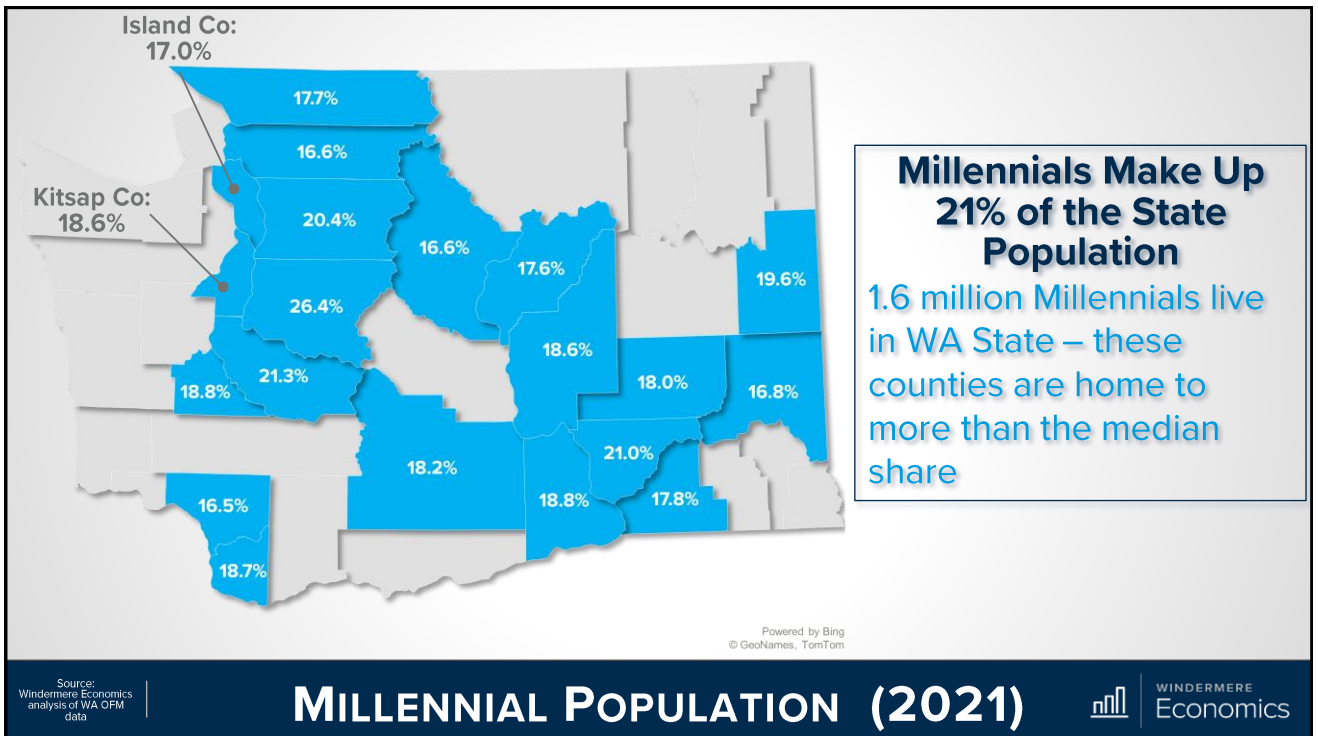
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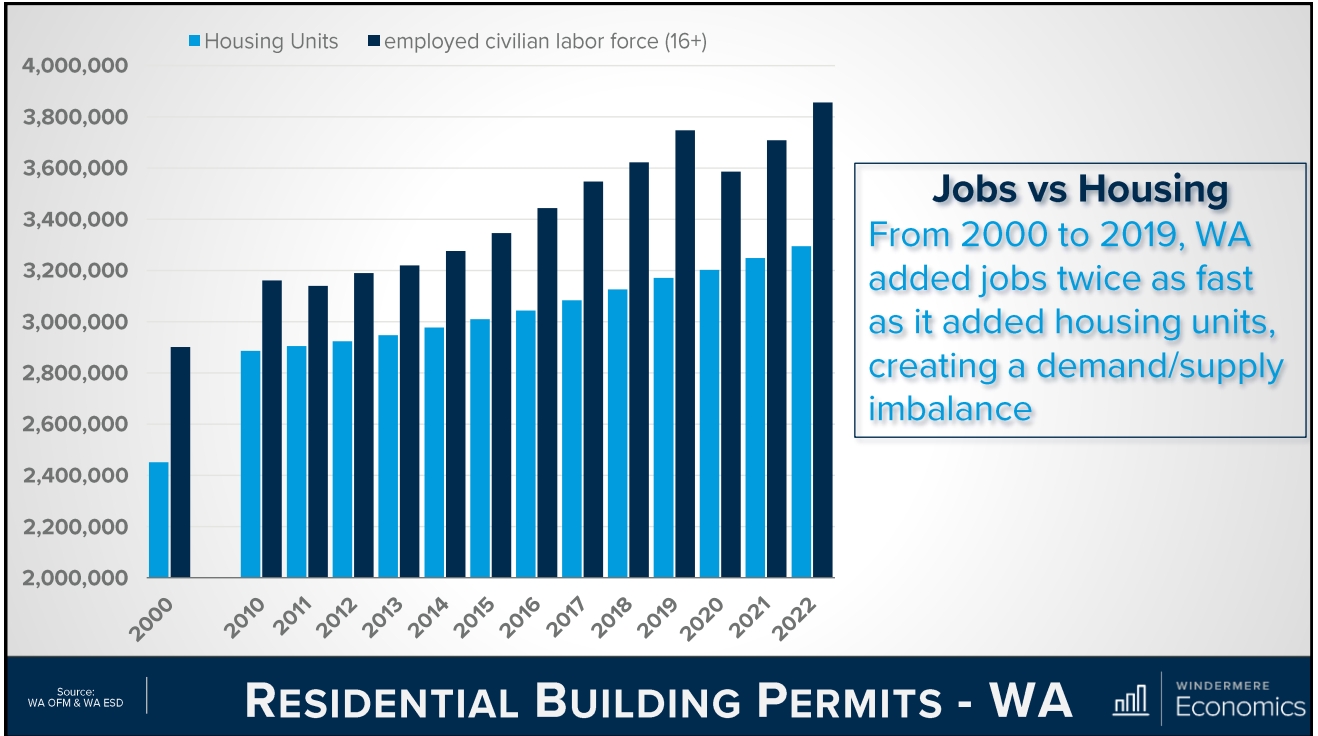
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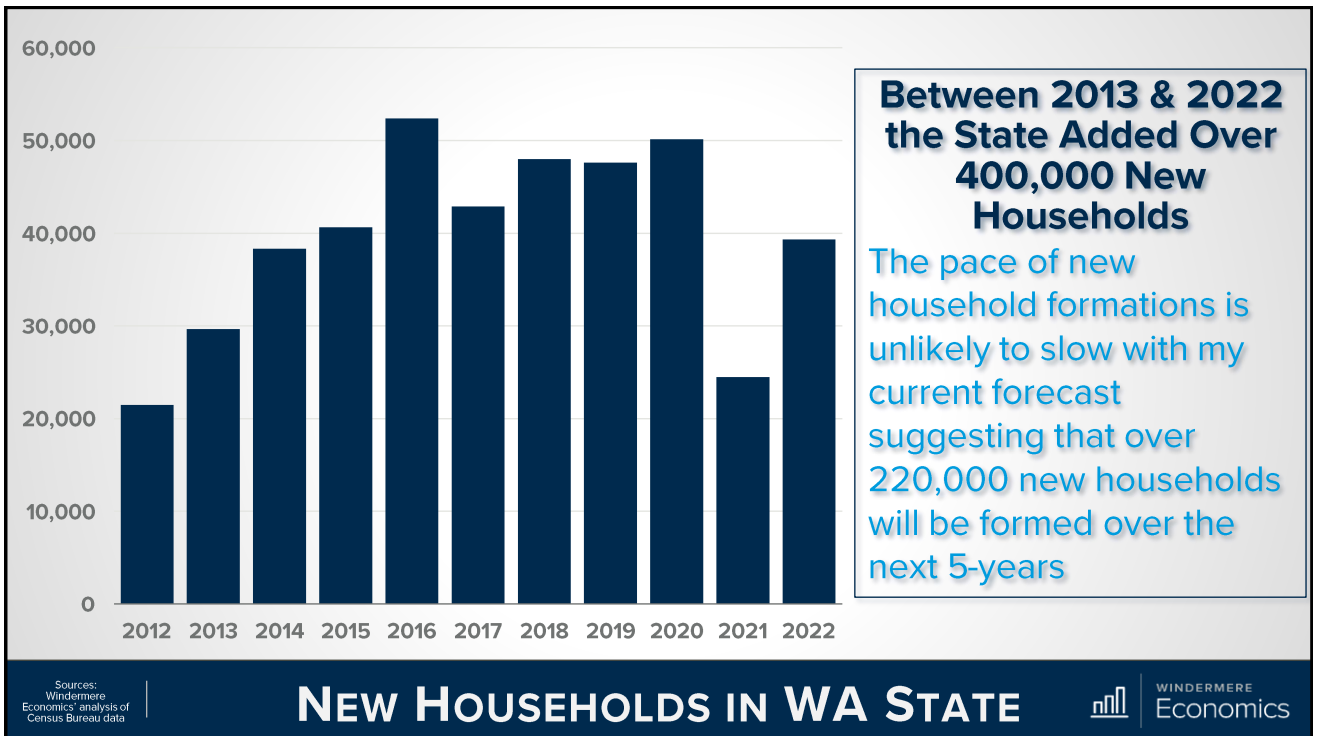
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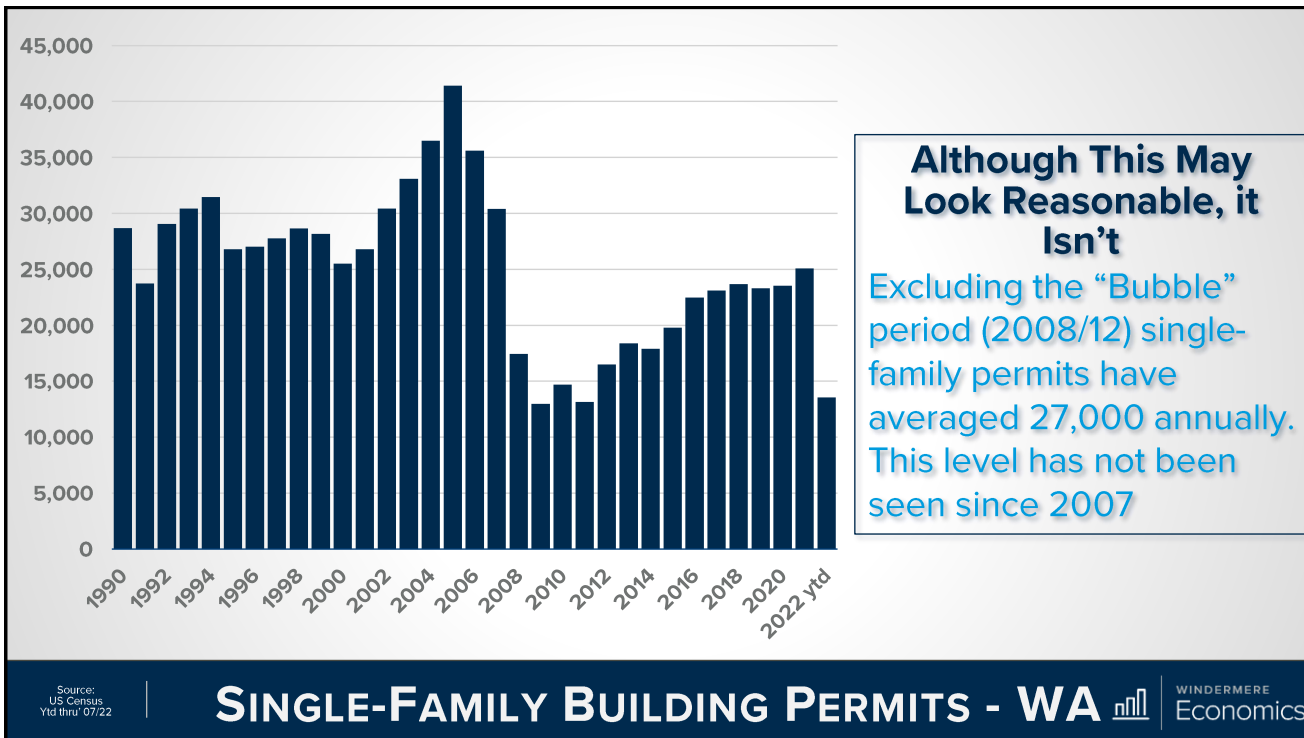
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17

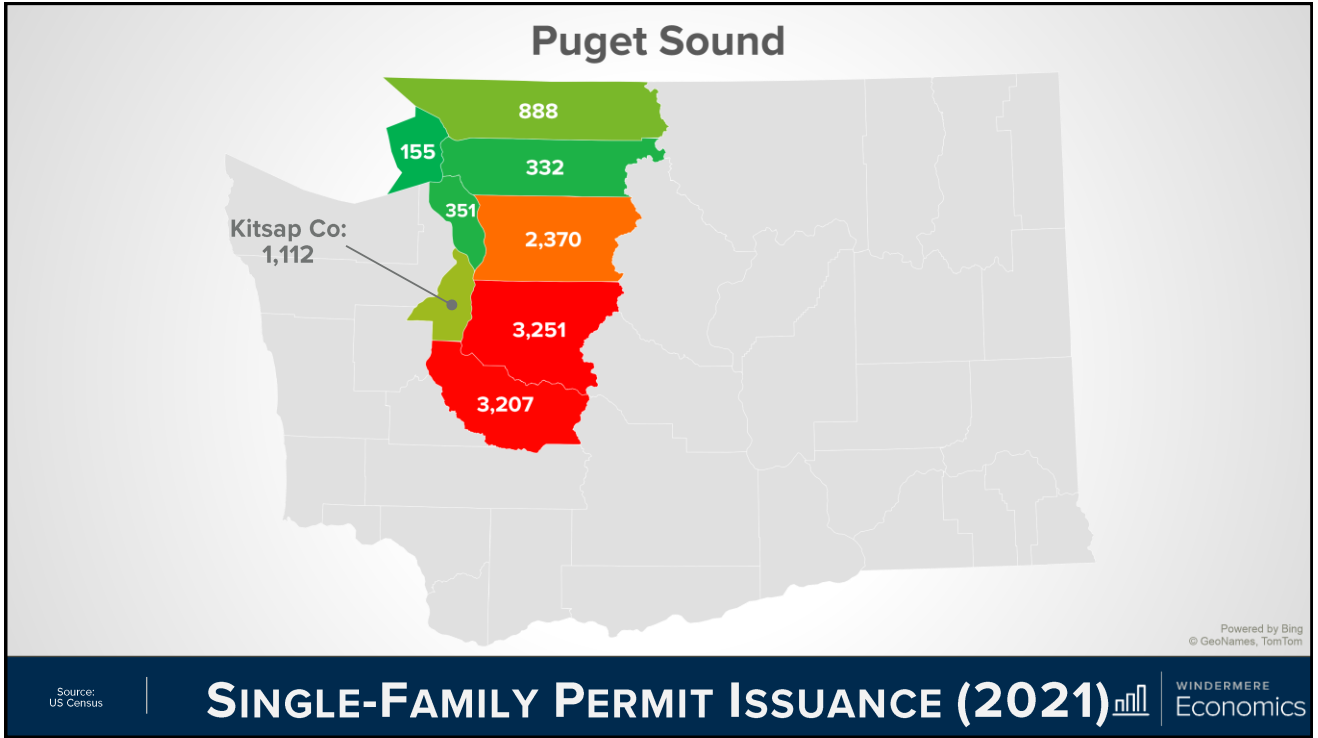


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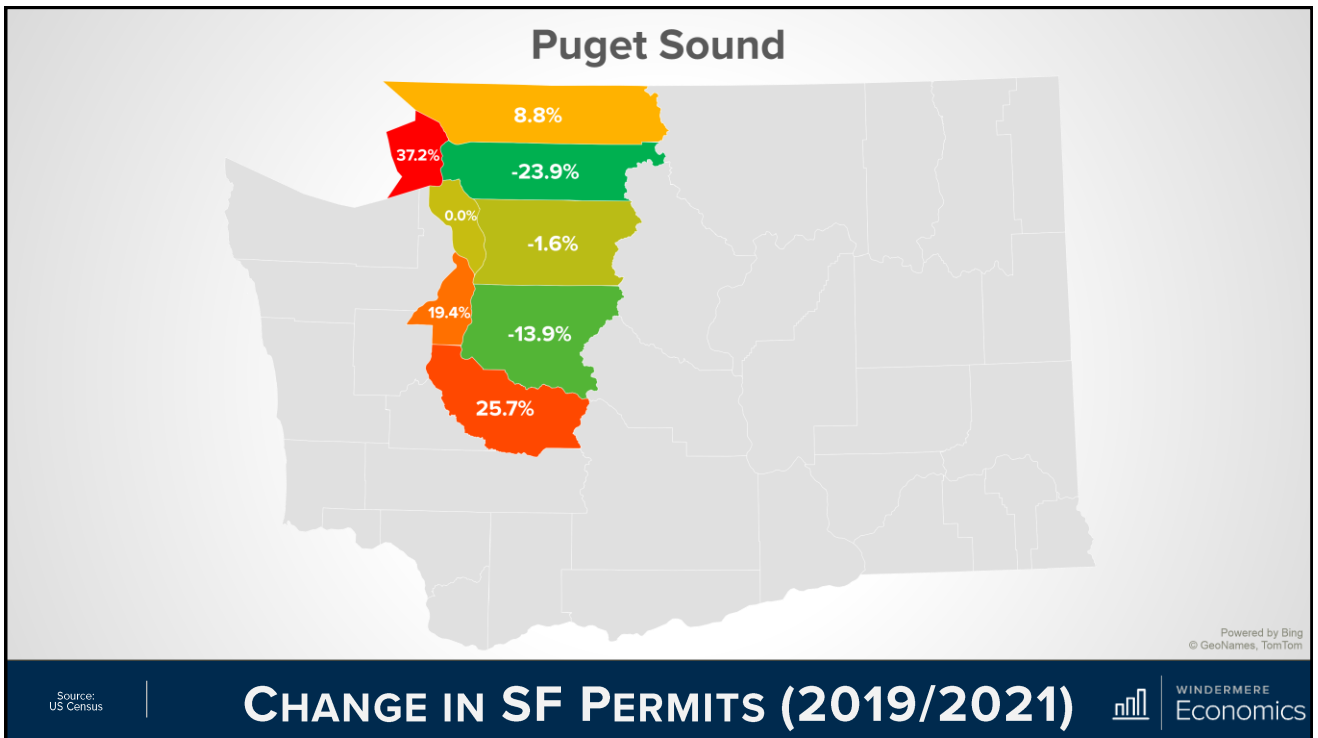


By Region: Puget Sound

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21



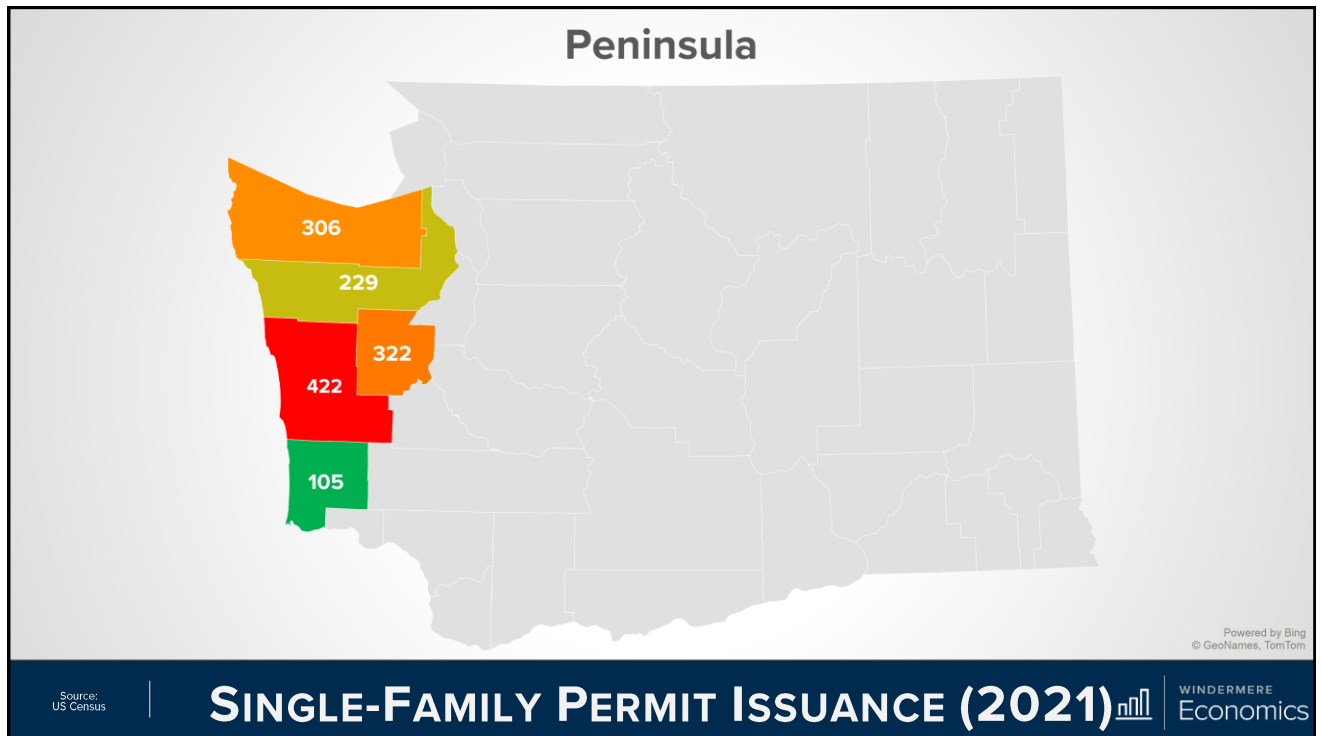
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The Peninsula

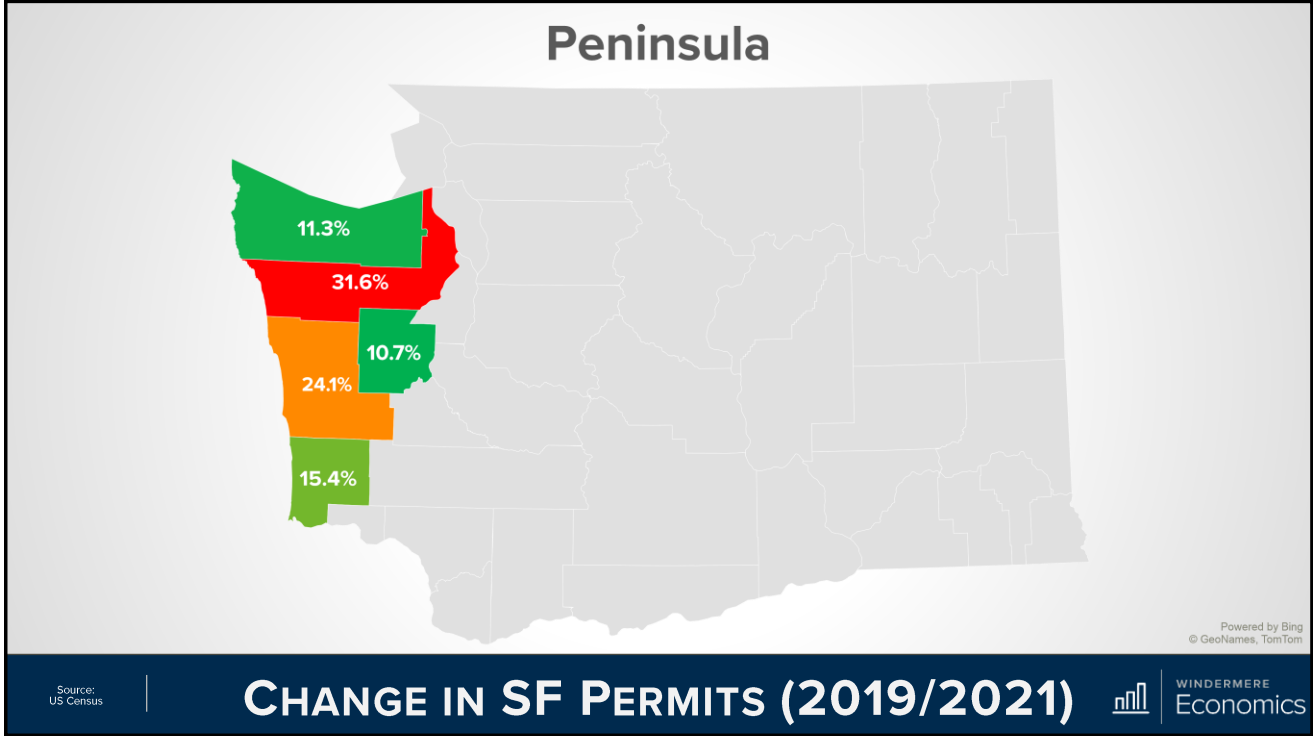


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23



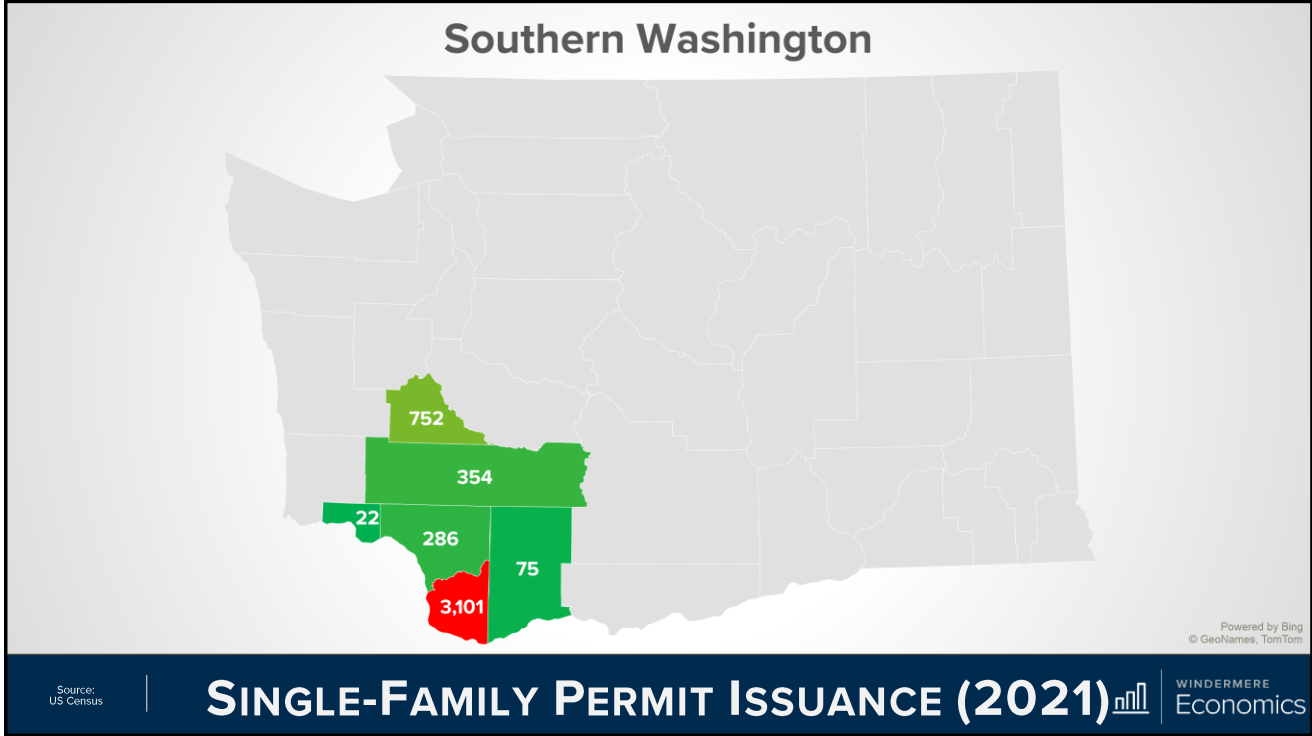
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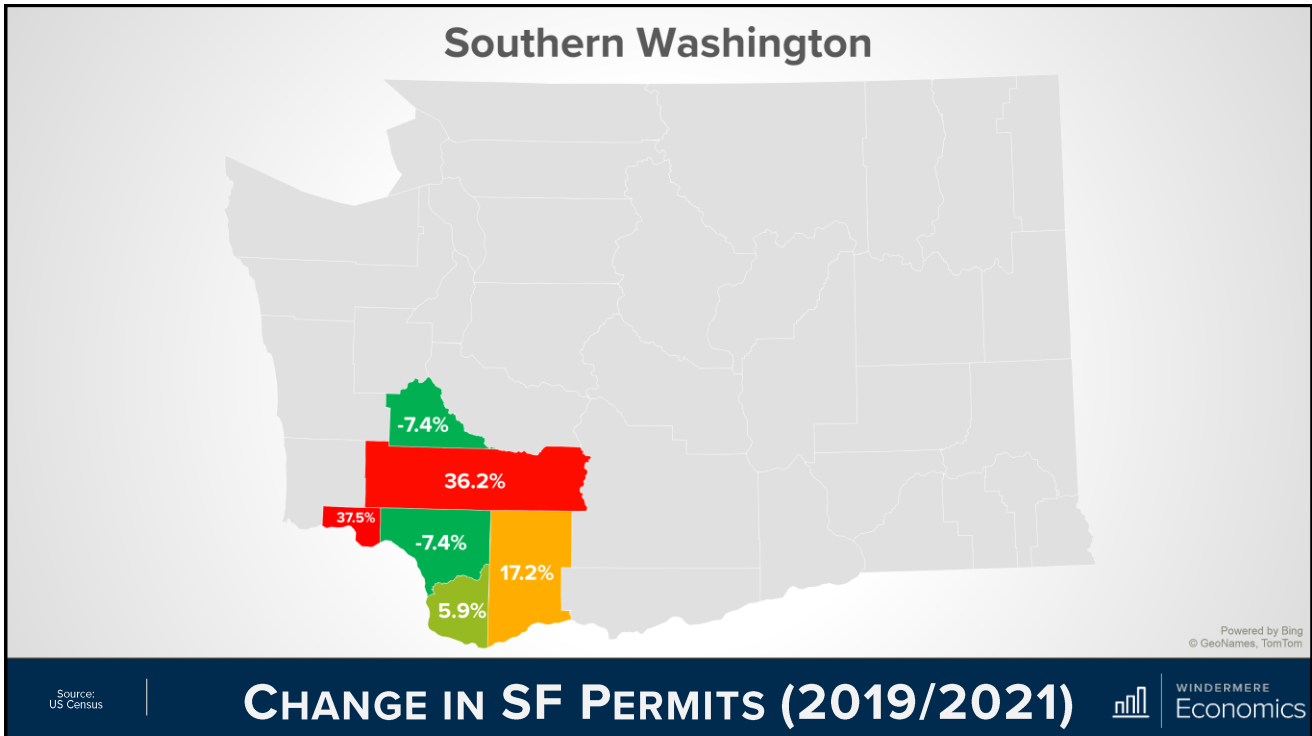
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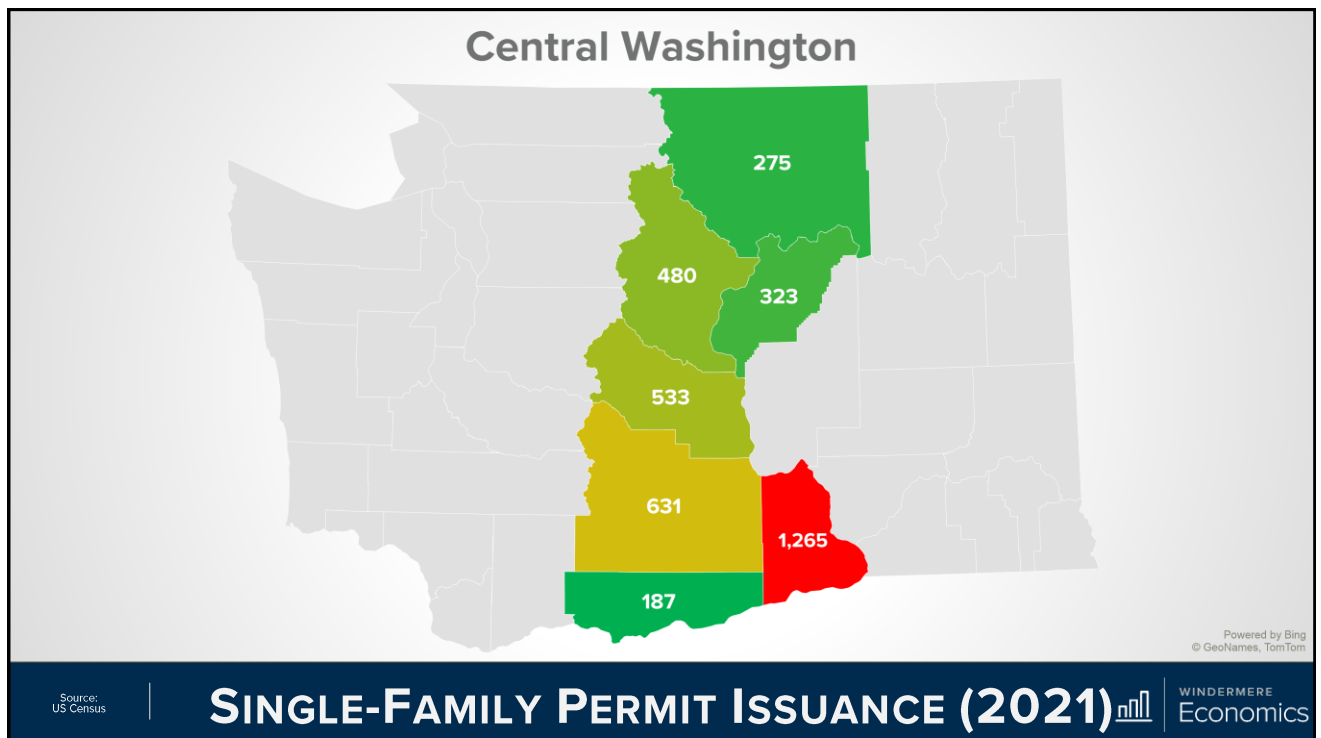
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Central Washington

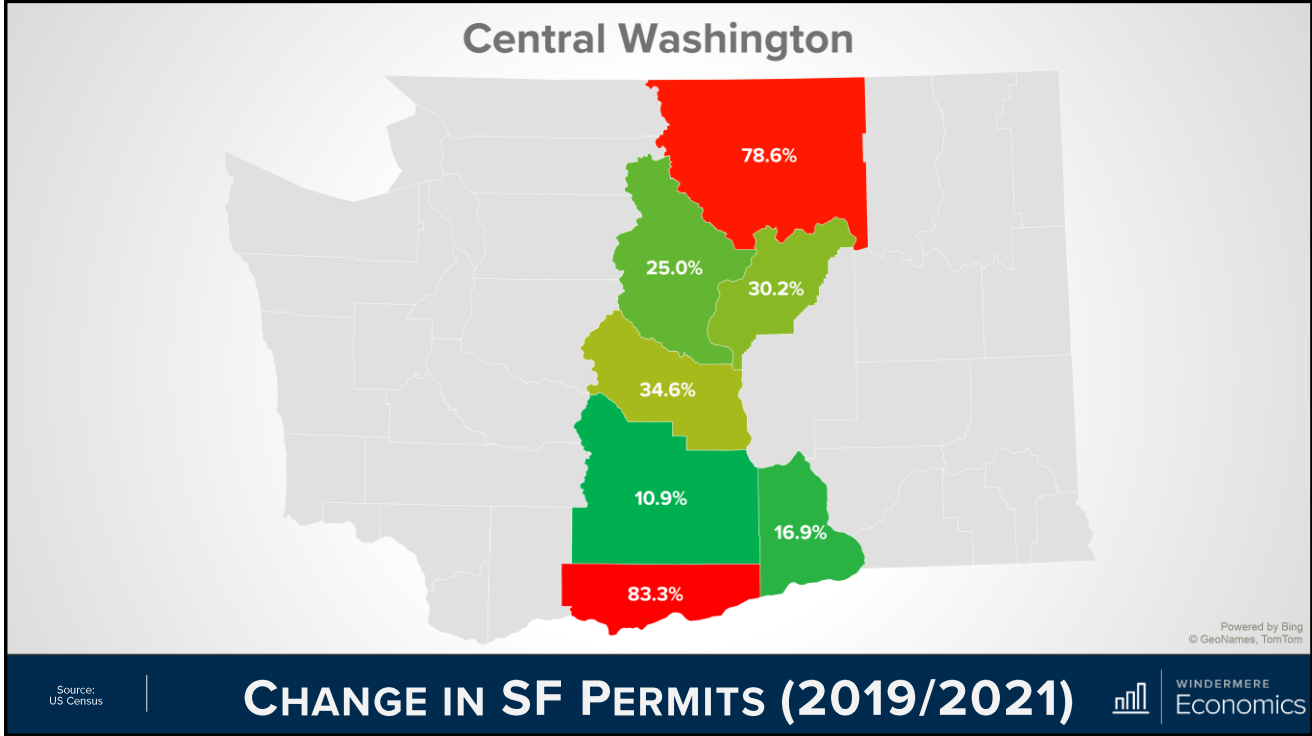


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29



30

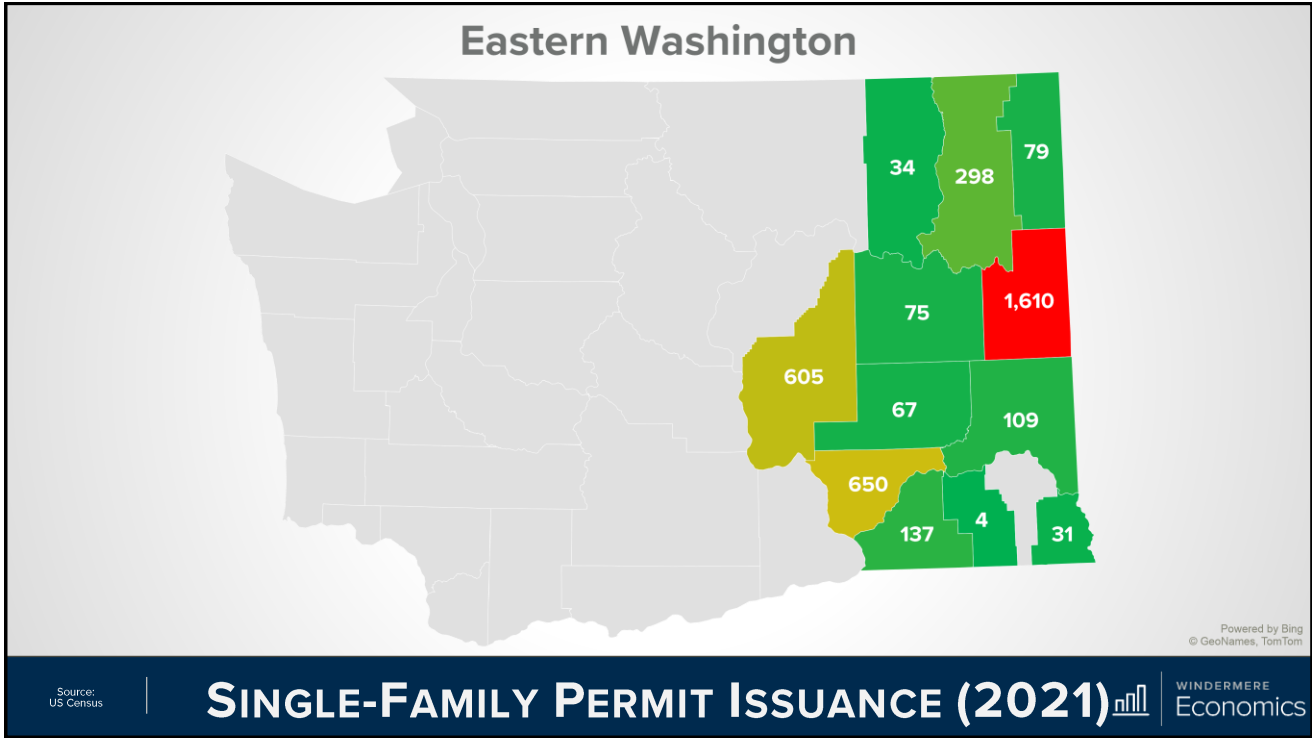


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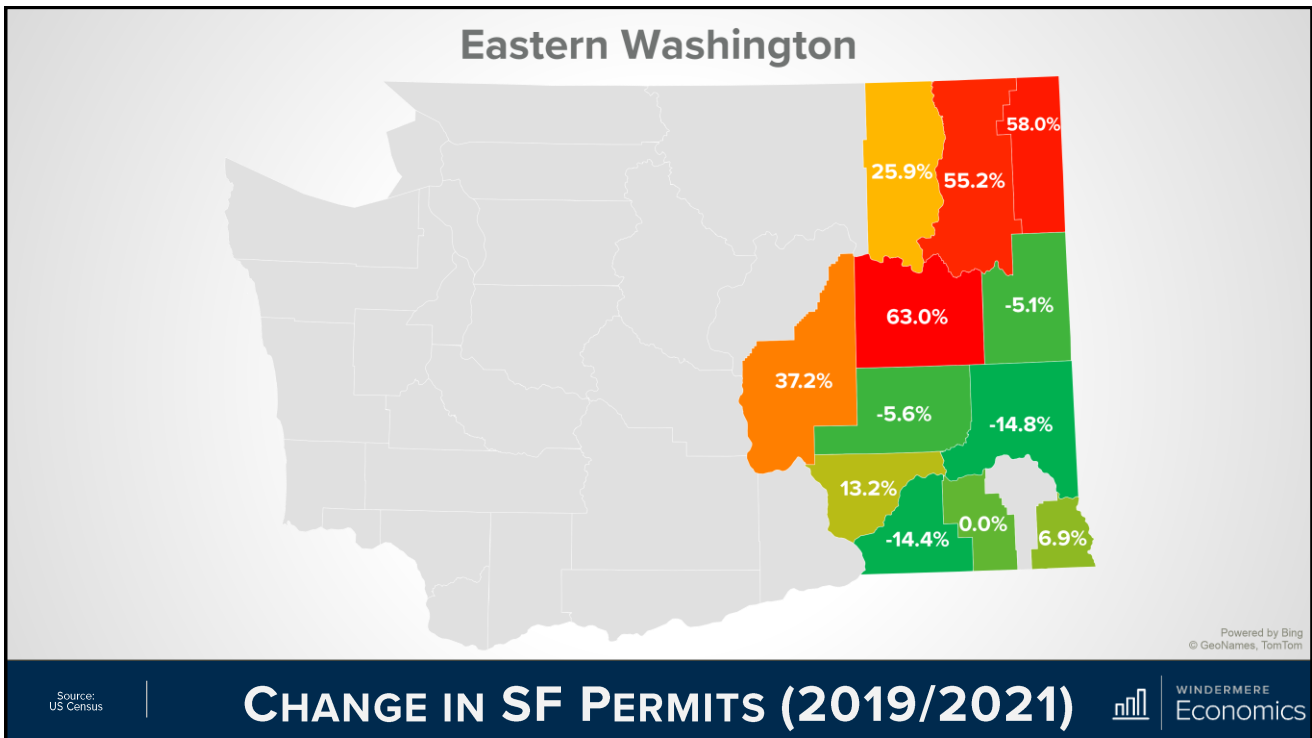
Eastern Washington

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32



33



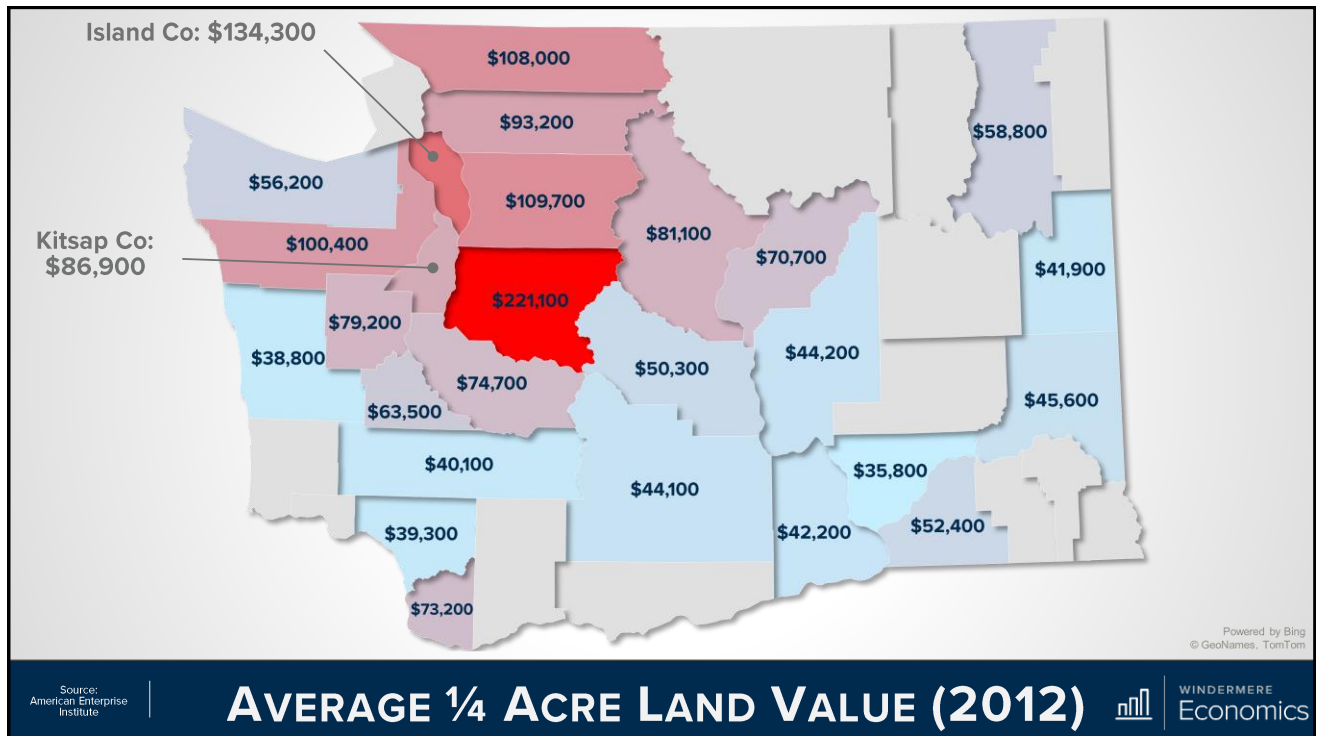
34

Land Cost & it's Share of a Homes Value

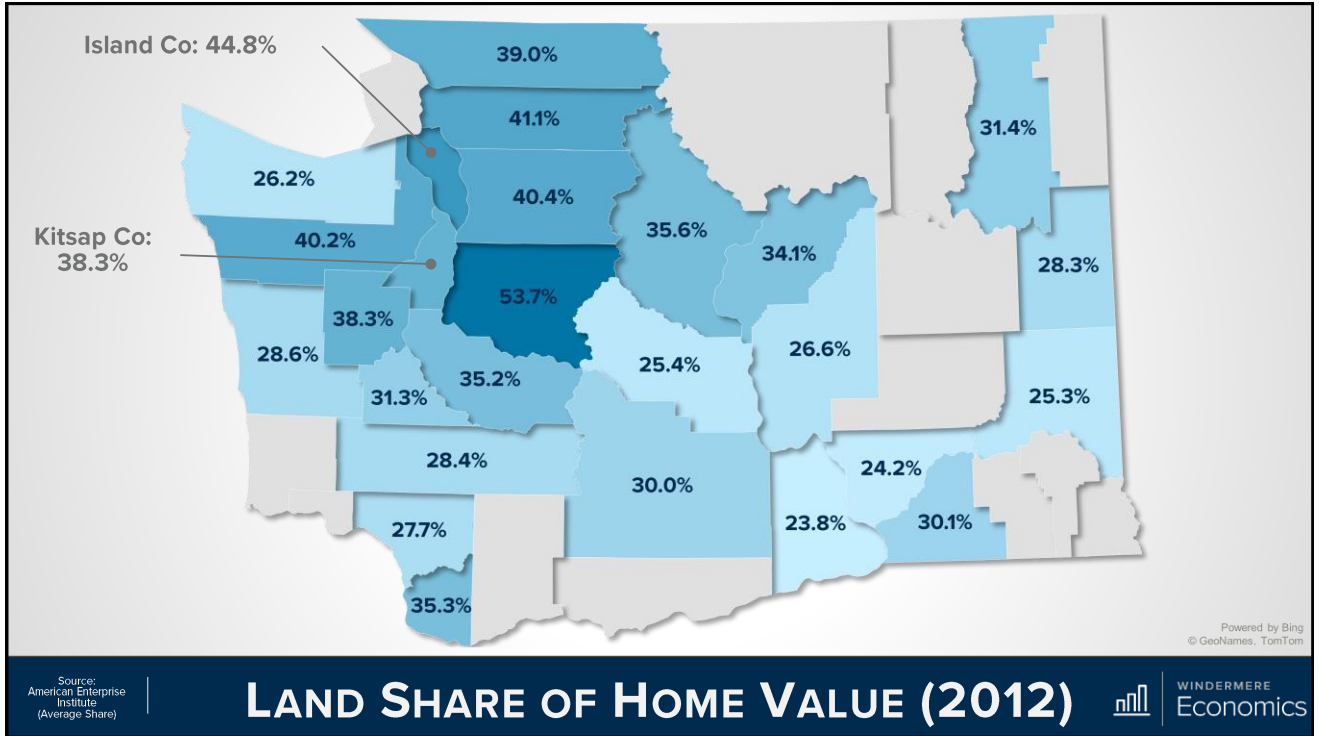


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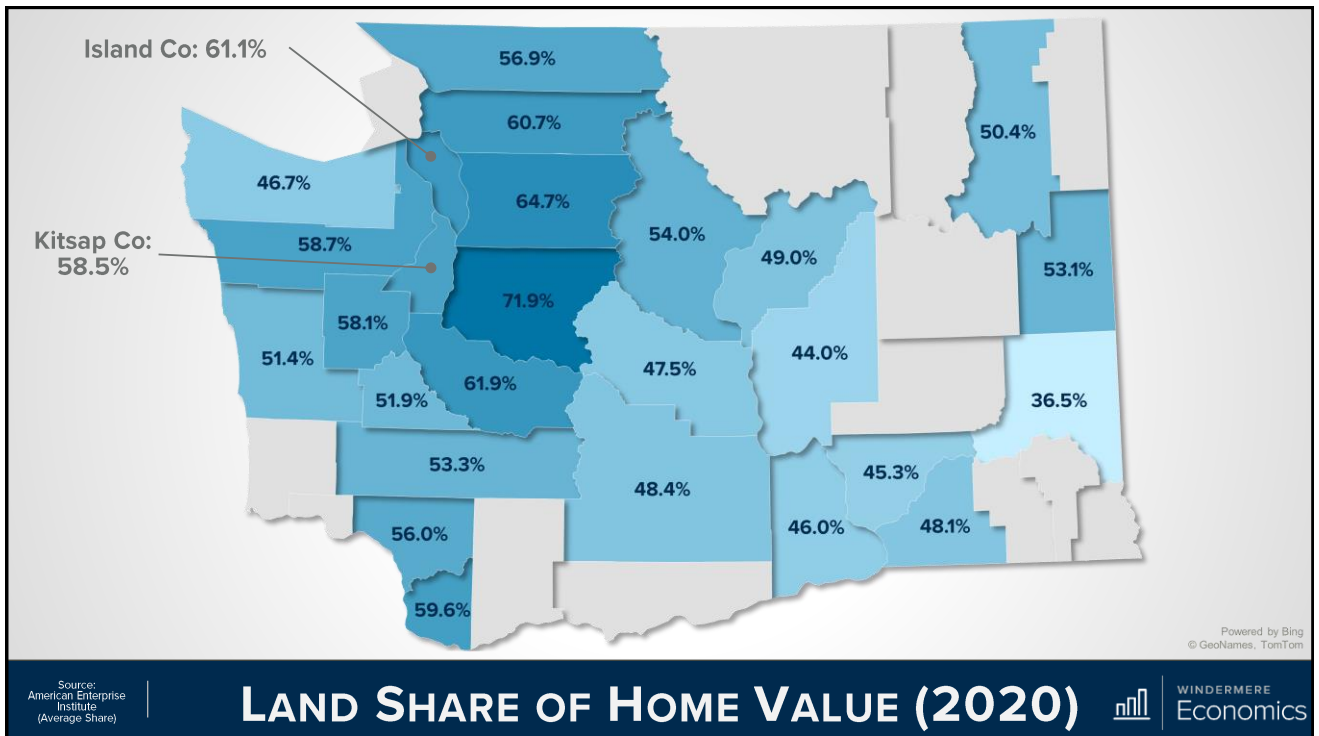
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36



39



40

- The State Continues to See It's Population Expand with 1.2M more Residents Today Than in 2010;
- In-Migration to the State Has Been Driving Growth & I Expect This to Continue (think CA) for the Foreseeable Future; &
- As the Demographic Makeup of the State Continues to Evolve, Housing Demands Have Changed

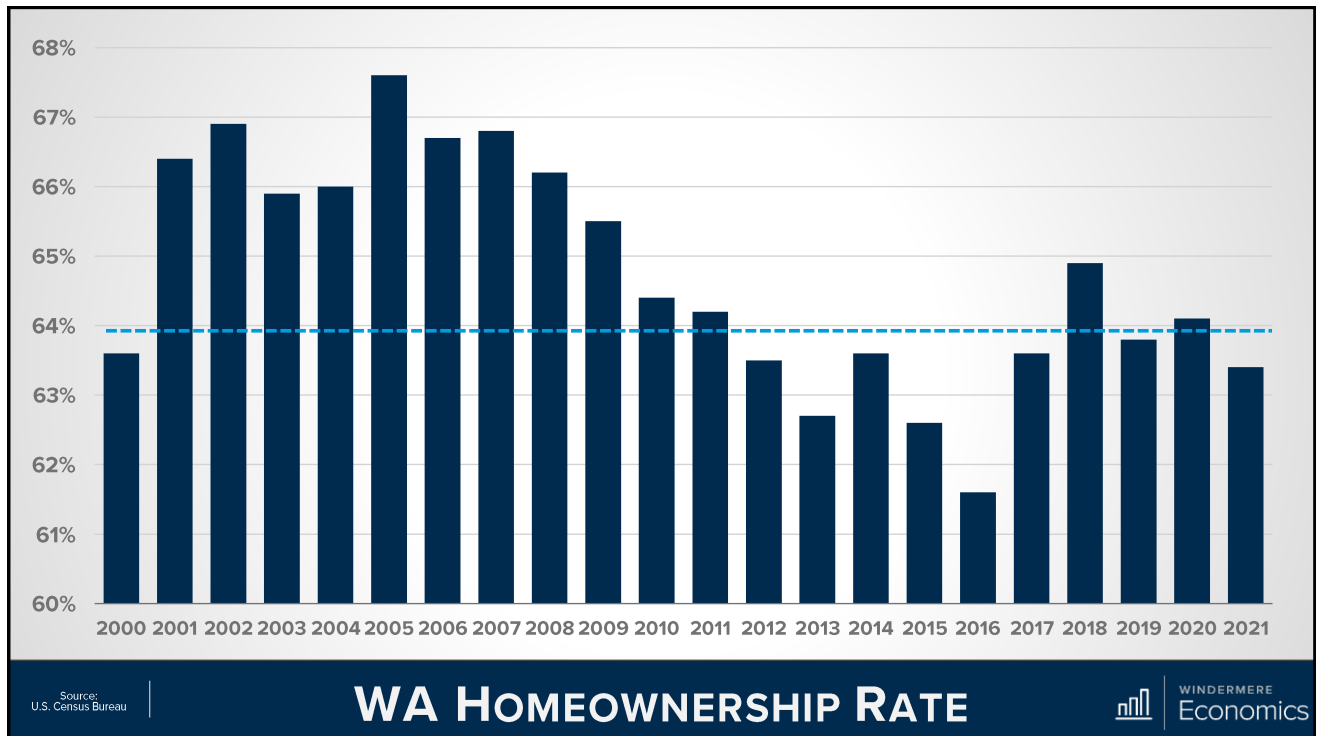
FINDINGS

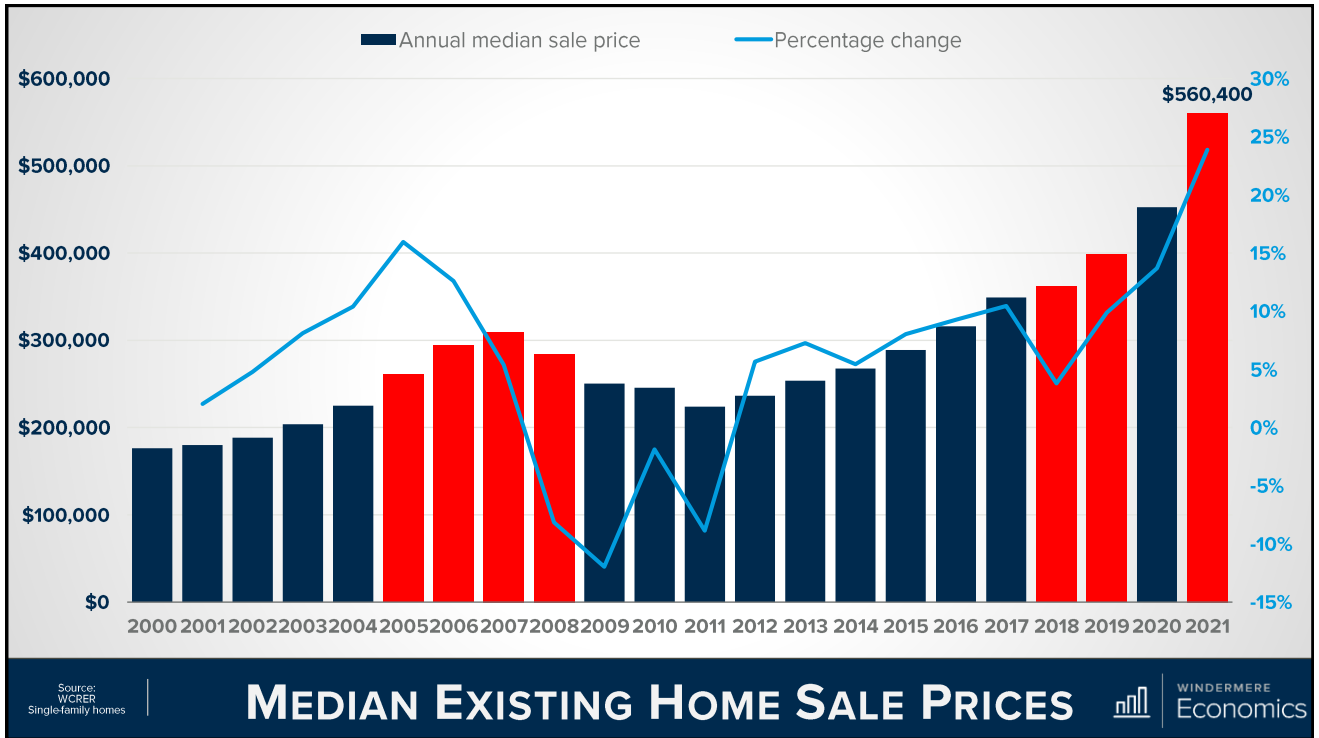
Effects

Statewide Ownership Housing Market

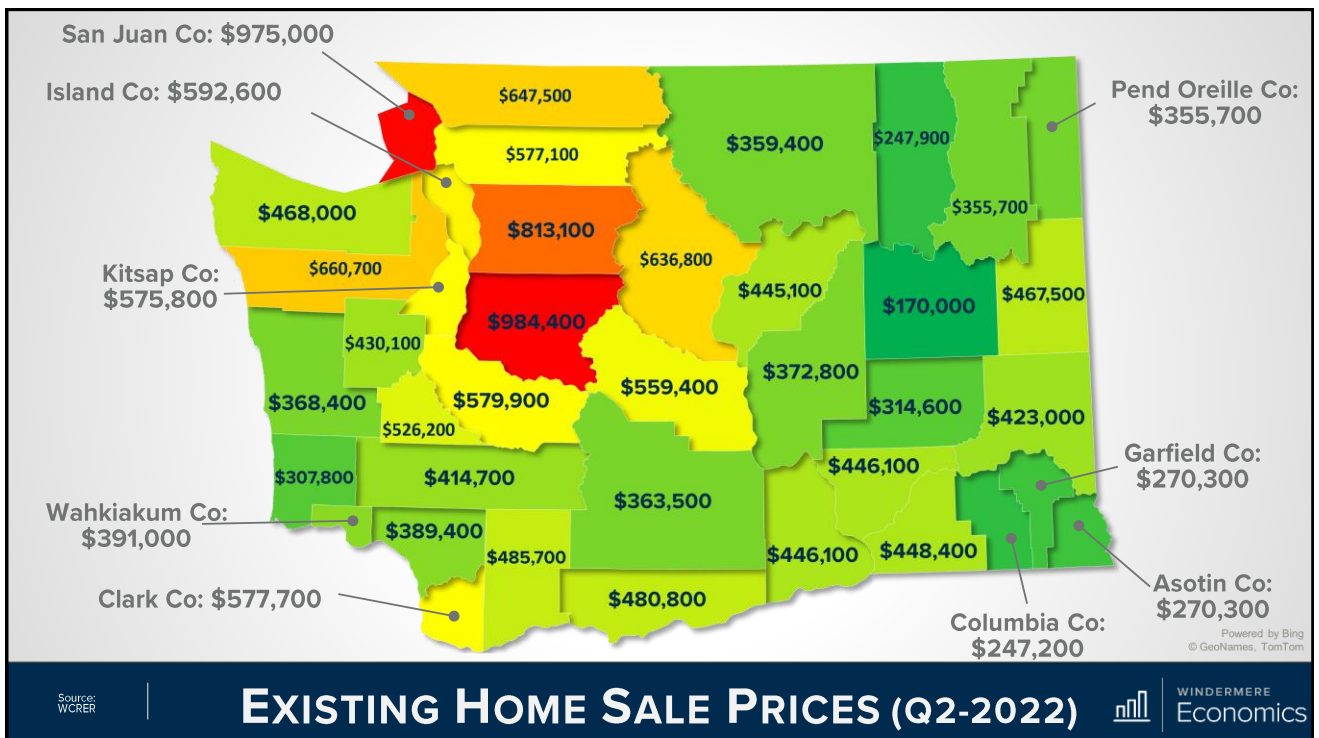


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46

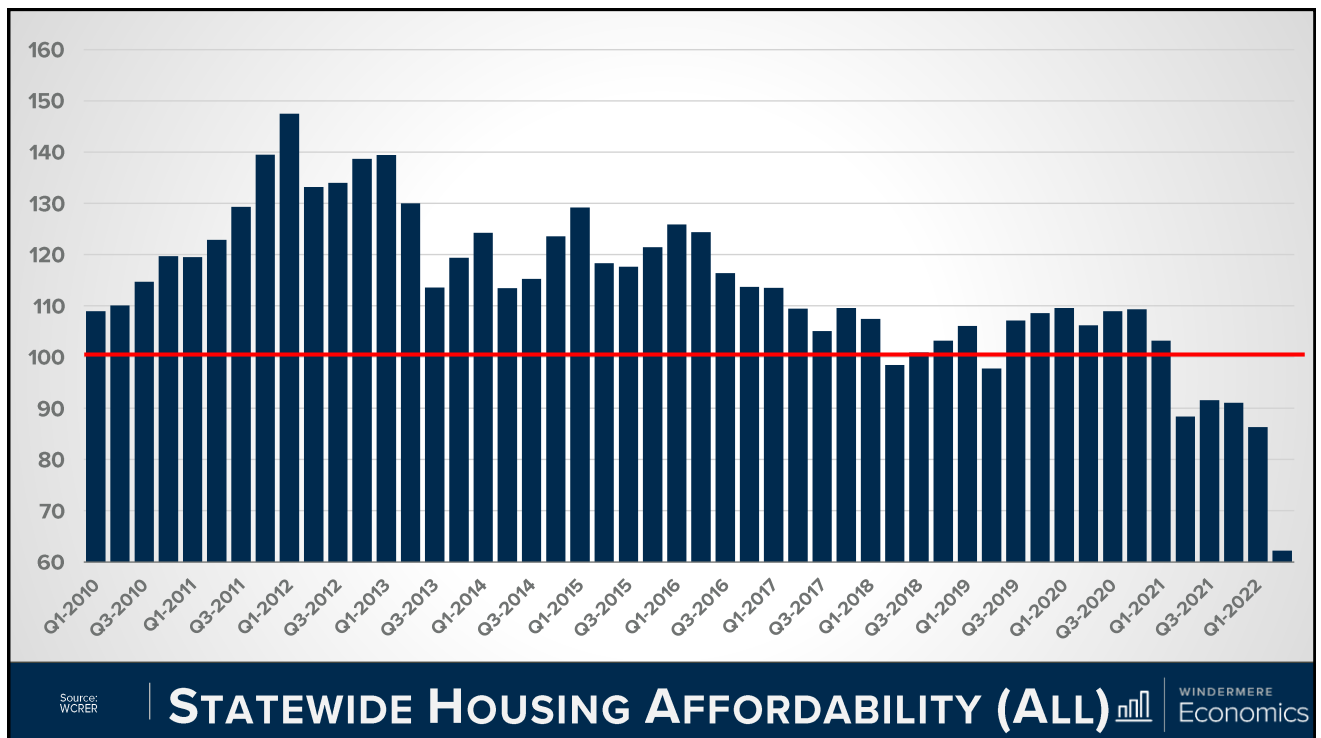
The Housing Affordability Index measures the ability of a middle-income family to carry the mortgage payments on a median price home.

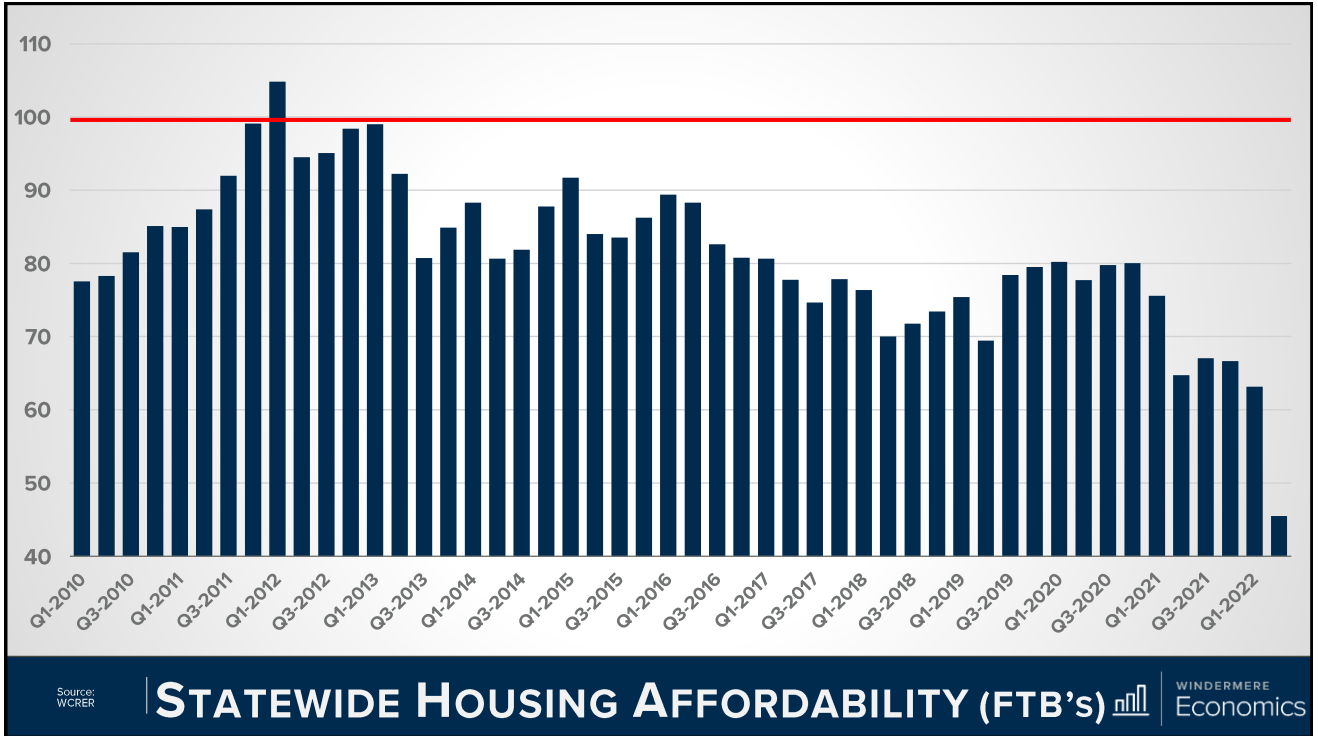
When the index is 100 there is a balance between the family's ability to pay and the cost. Higher indexes indicate housing is more affordable.

First-time buyer index assumes the purchaser's income is 70% of the median household income. Homes purchased by first-time buyers are 85% of area's median price.

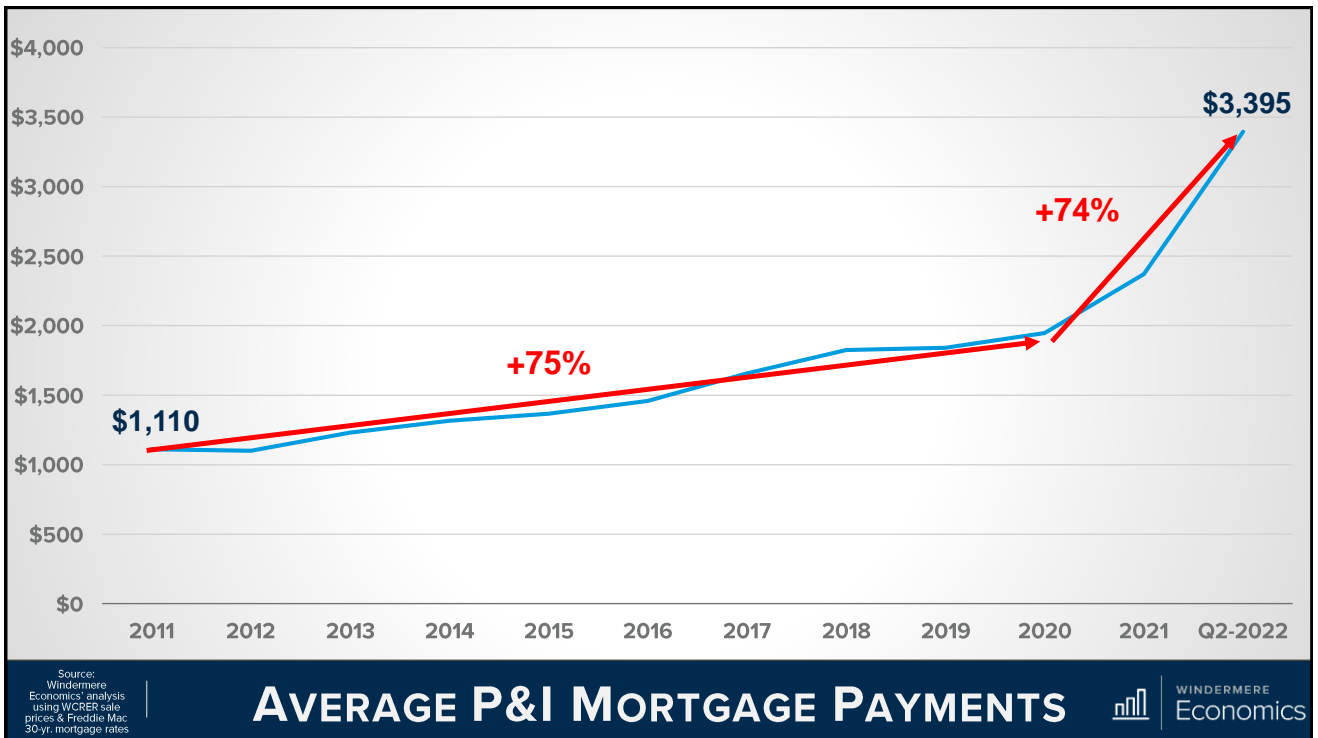
All loans are assumed to be 30-year loans with 25% of income used for principal and interest payments. First-time buyer index assumes 10% down.

METHODOLOGY





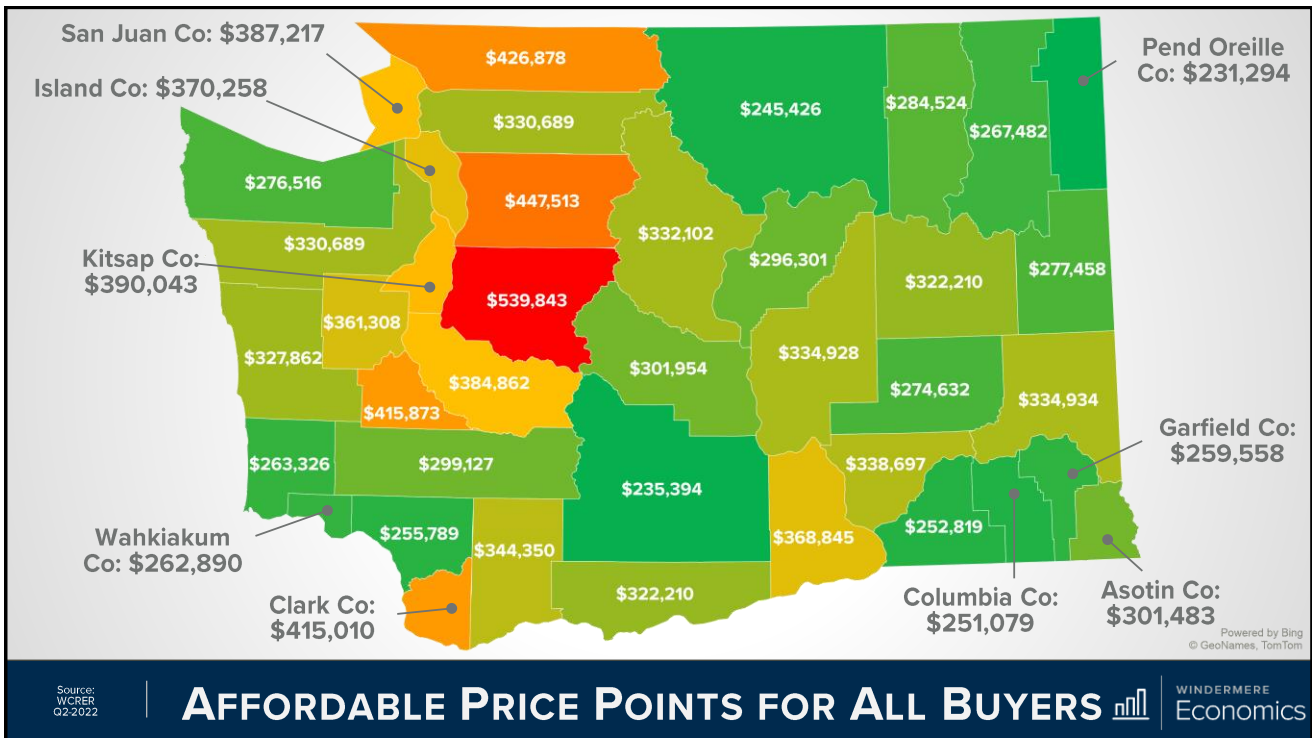
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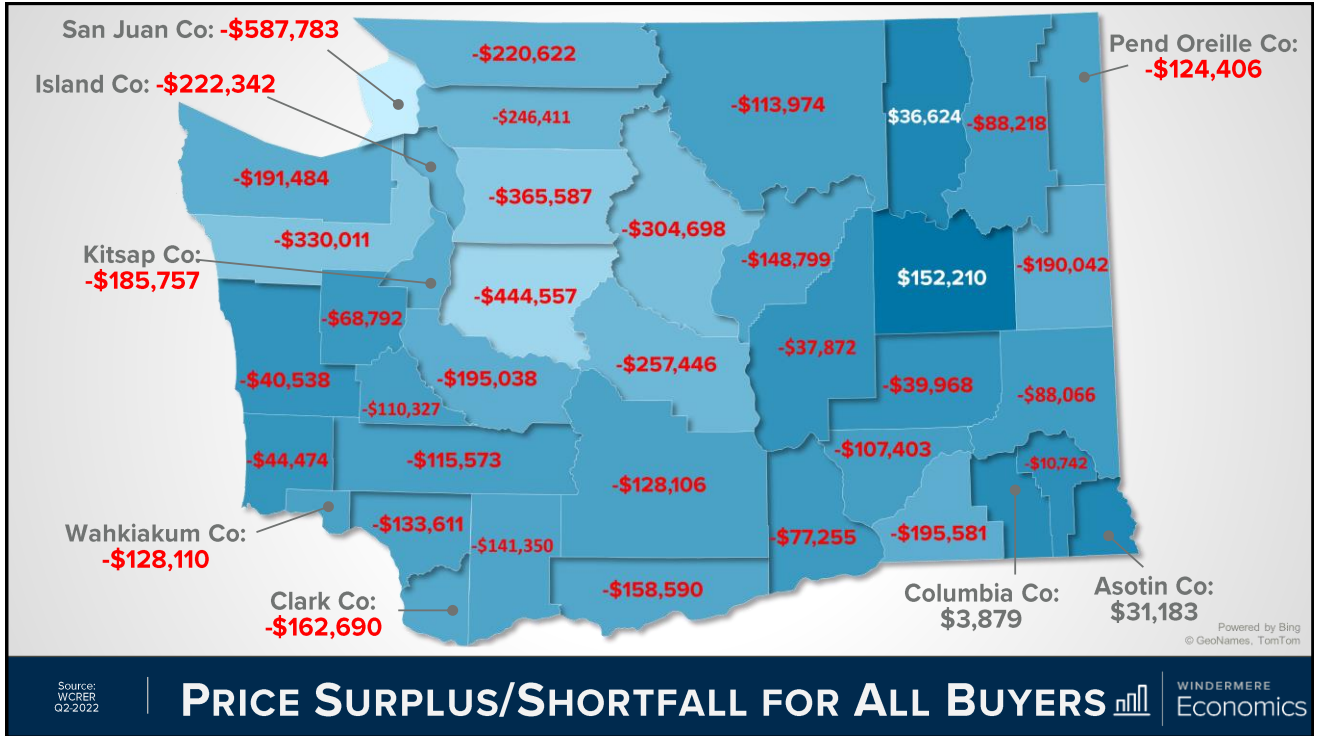
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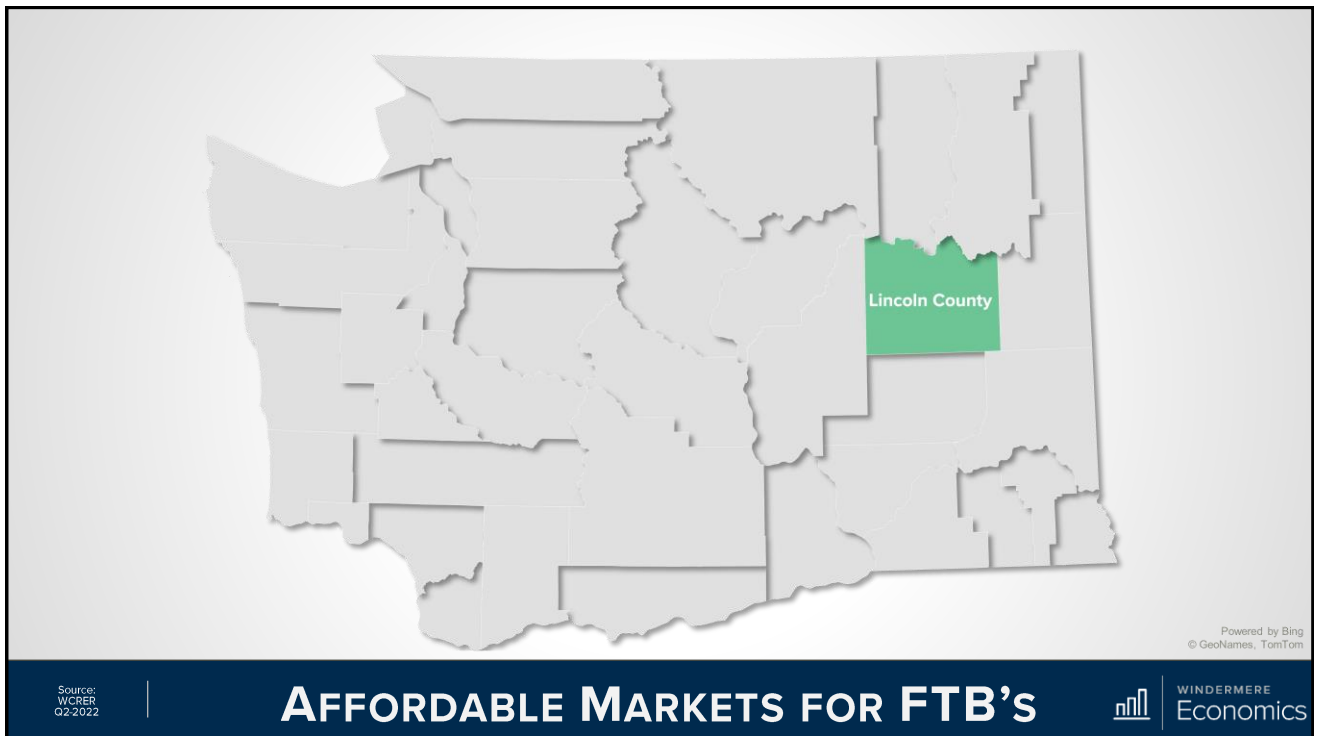
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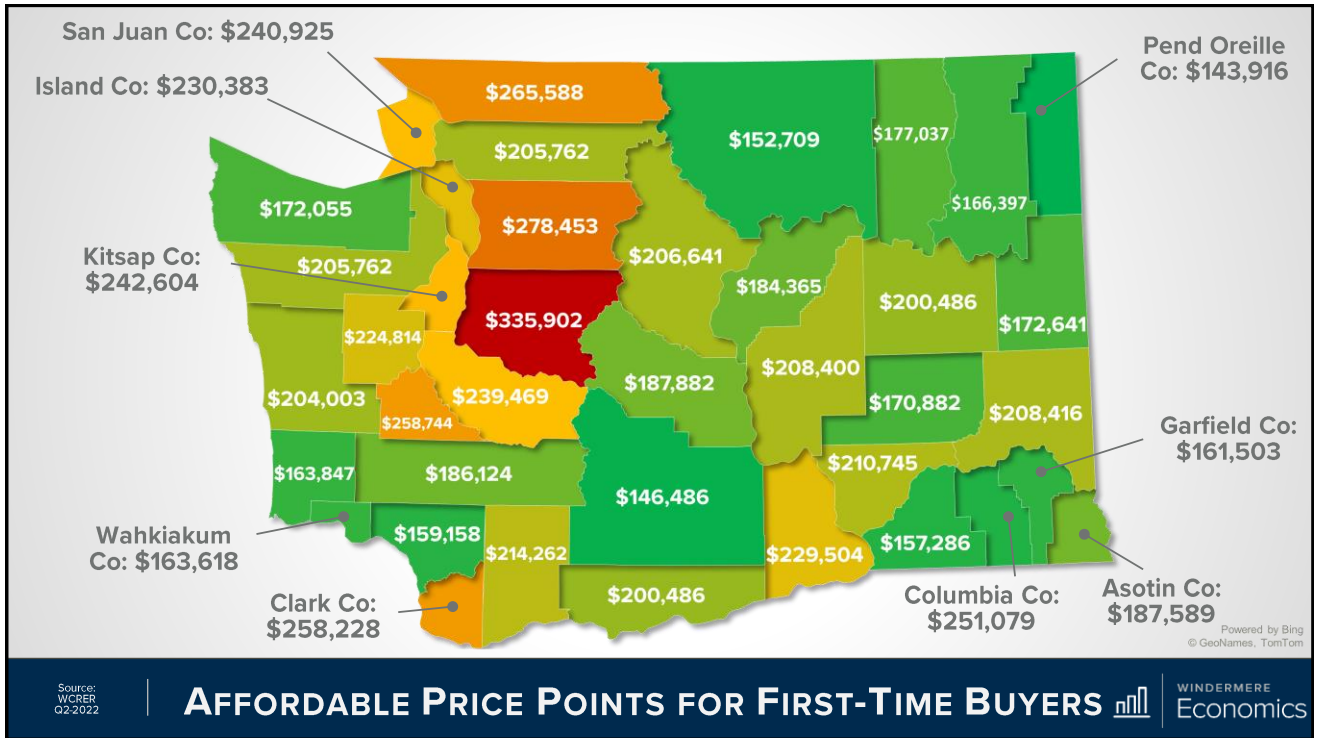
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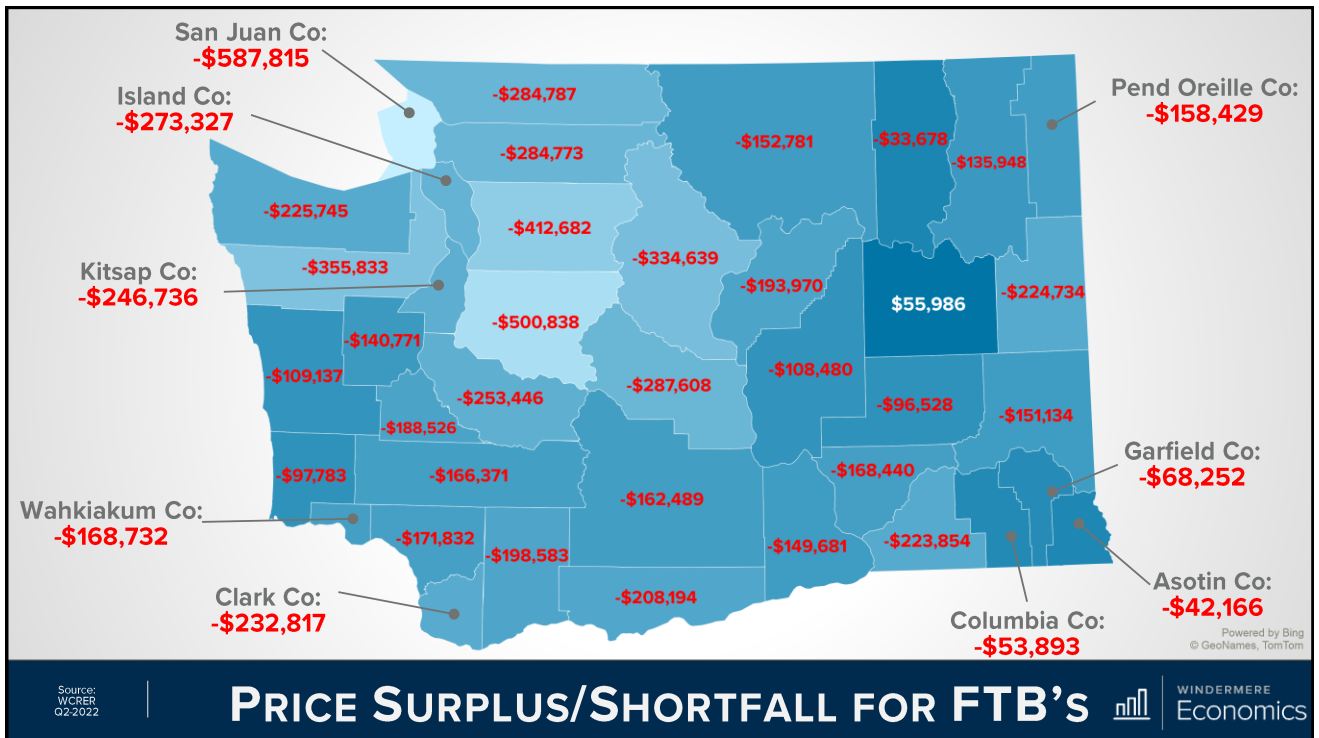
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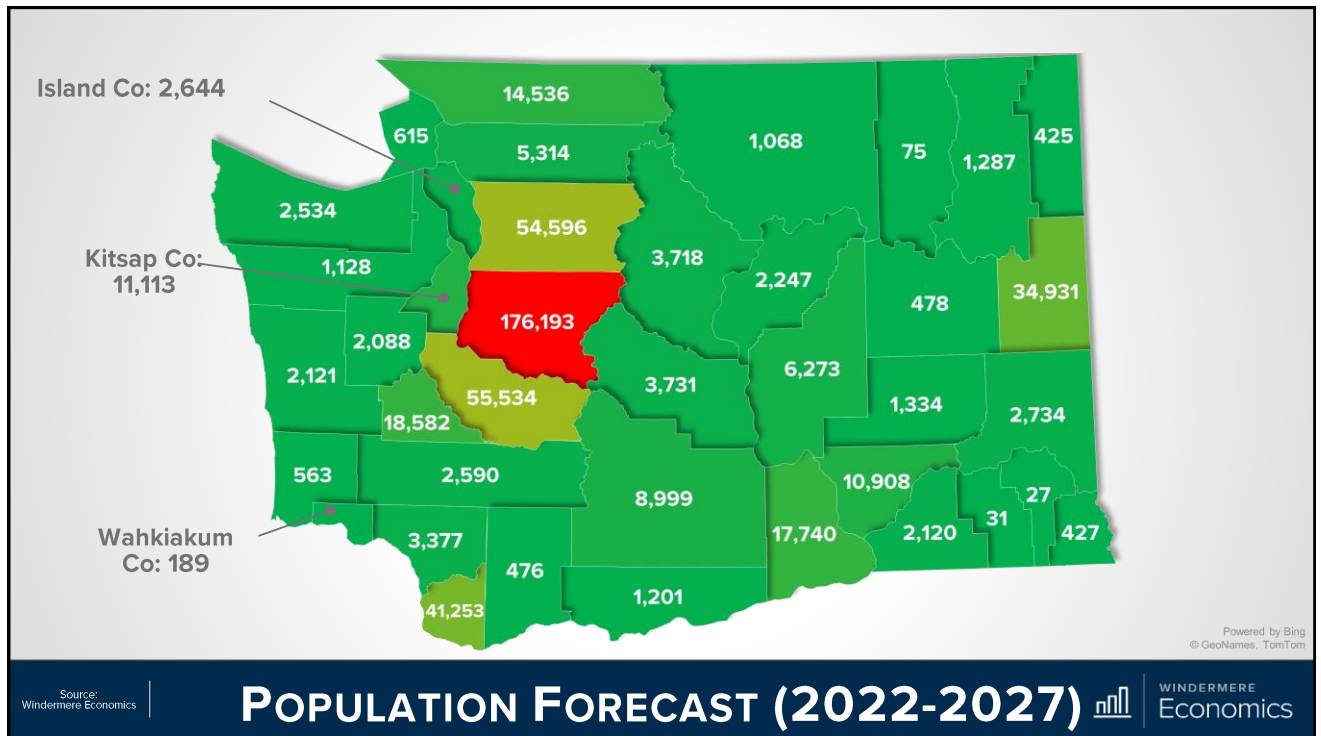
58

A Look at the Future

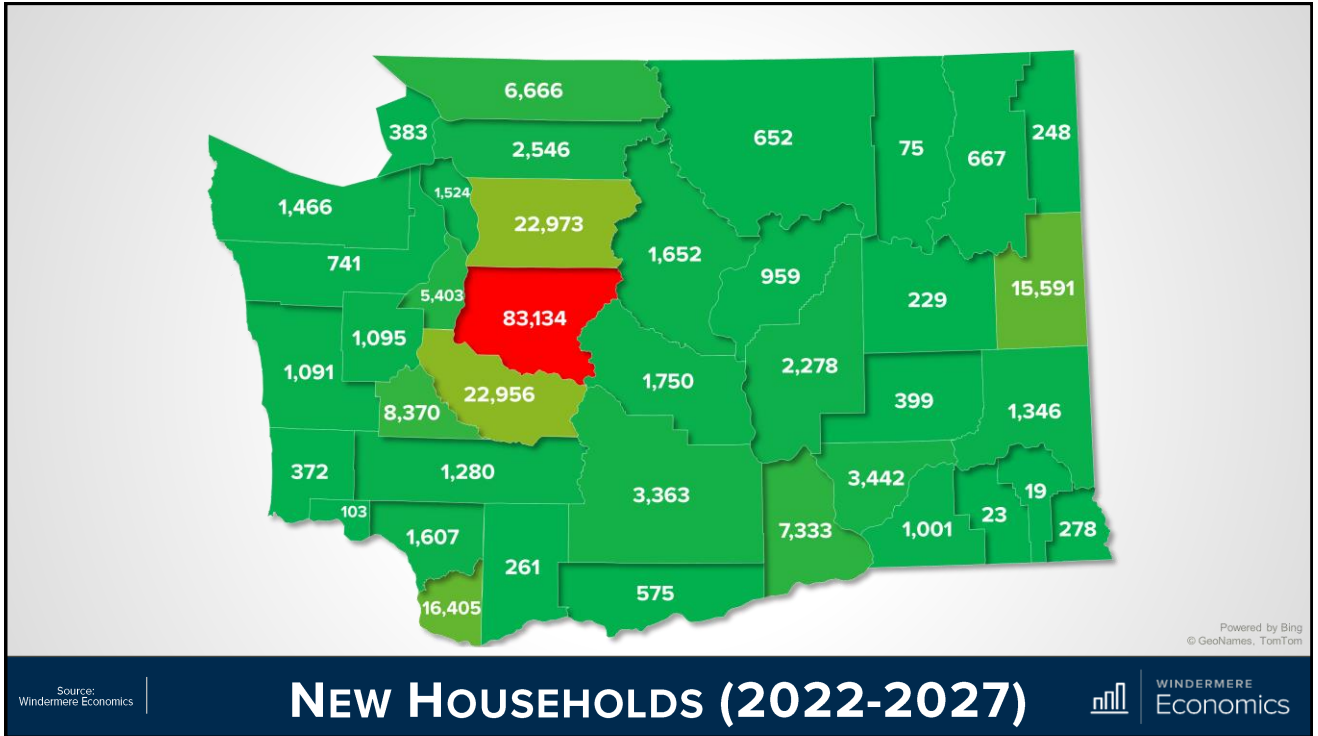


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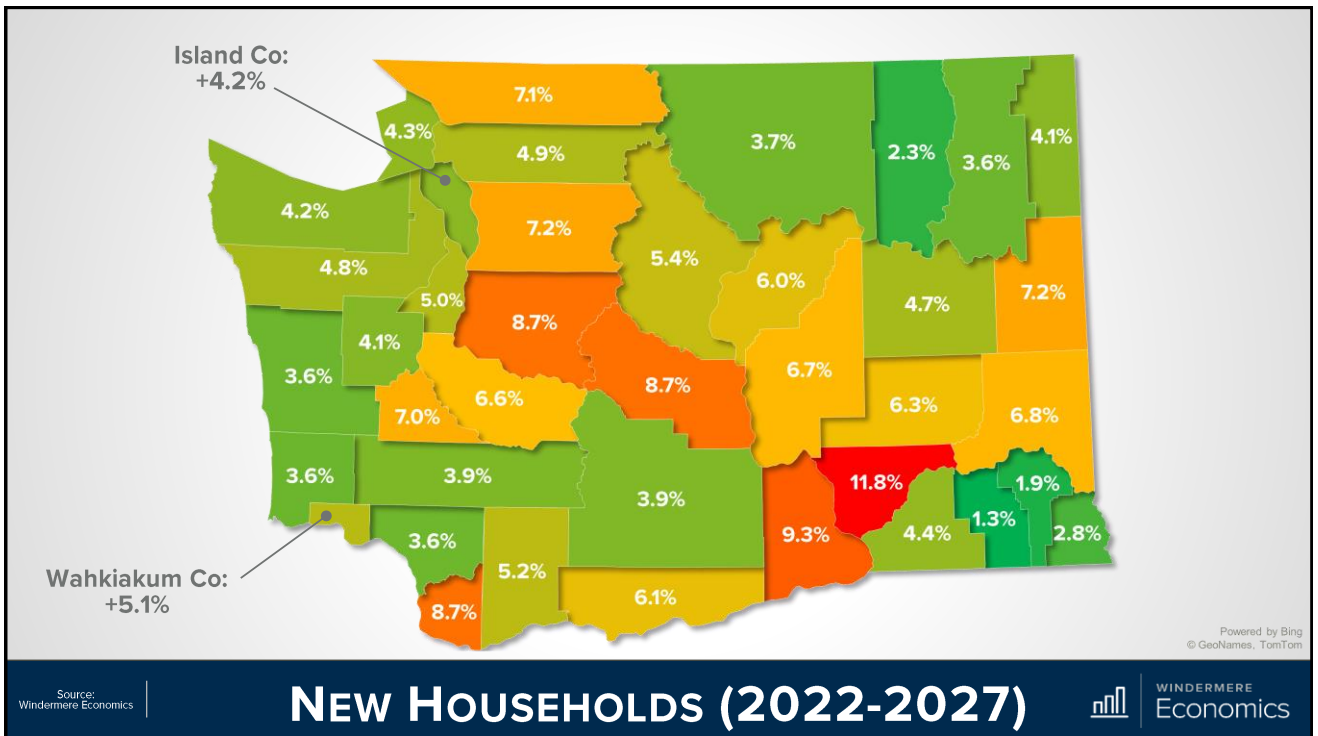
59



60



61



62

- Housing is a Fundamental Need, But the State Has Failed to Provide Enough Housing to Meet the Needs of the Growing Population;
- With More Growth than Housing Options (in Concert With Historically Low Mortgage Rates, Home Prices Skyrocketed Home Ownership is Now Out of the Reach of a Majority of Households; &
- This is Not Just a Puget Sound Issue. It Exists Across the State.

FINDINGS

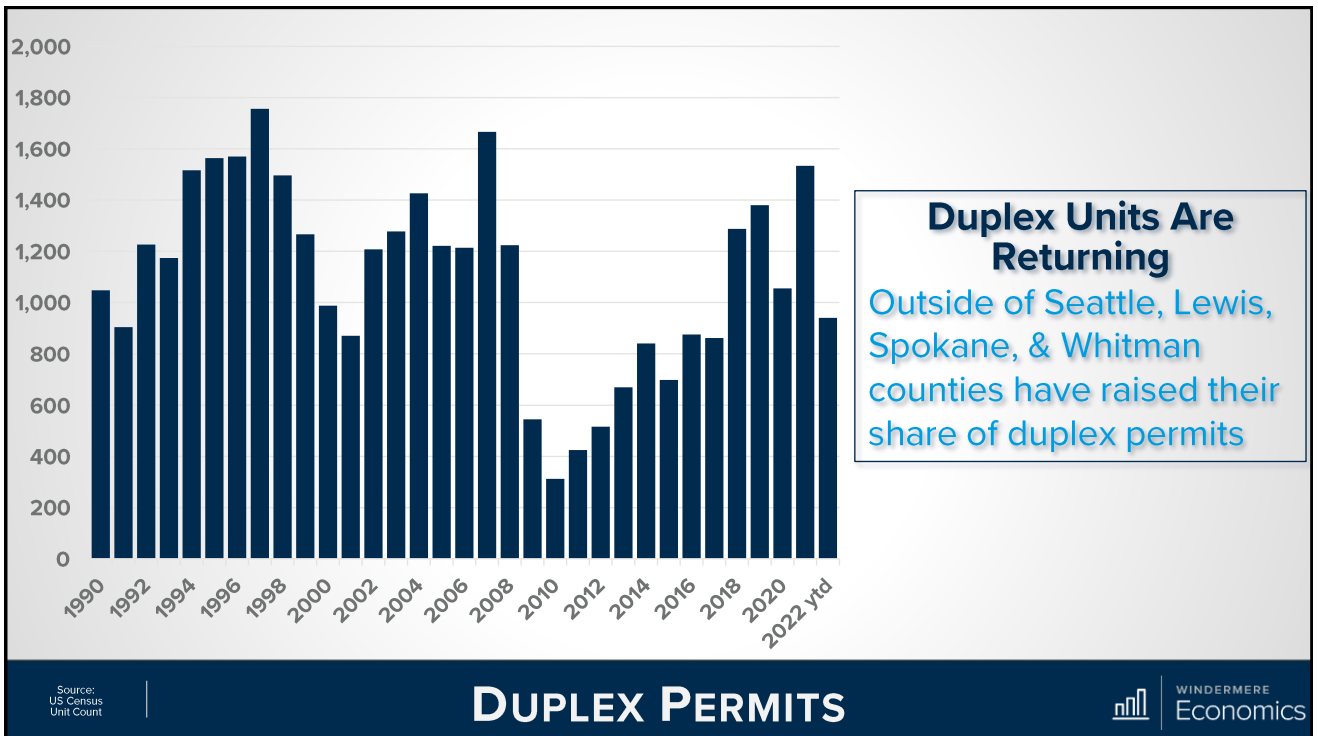
So! What Can Be Done?

Missing Middle Housing

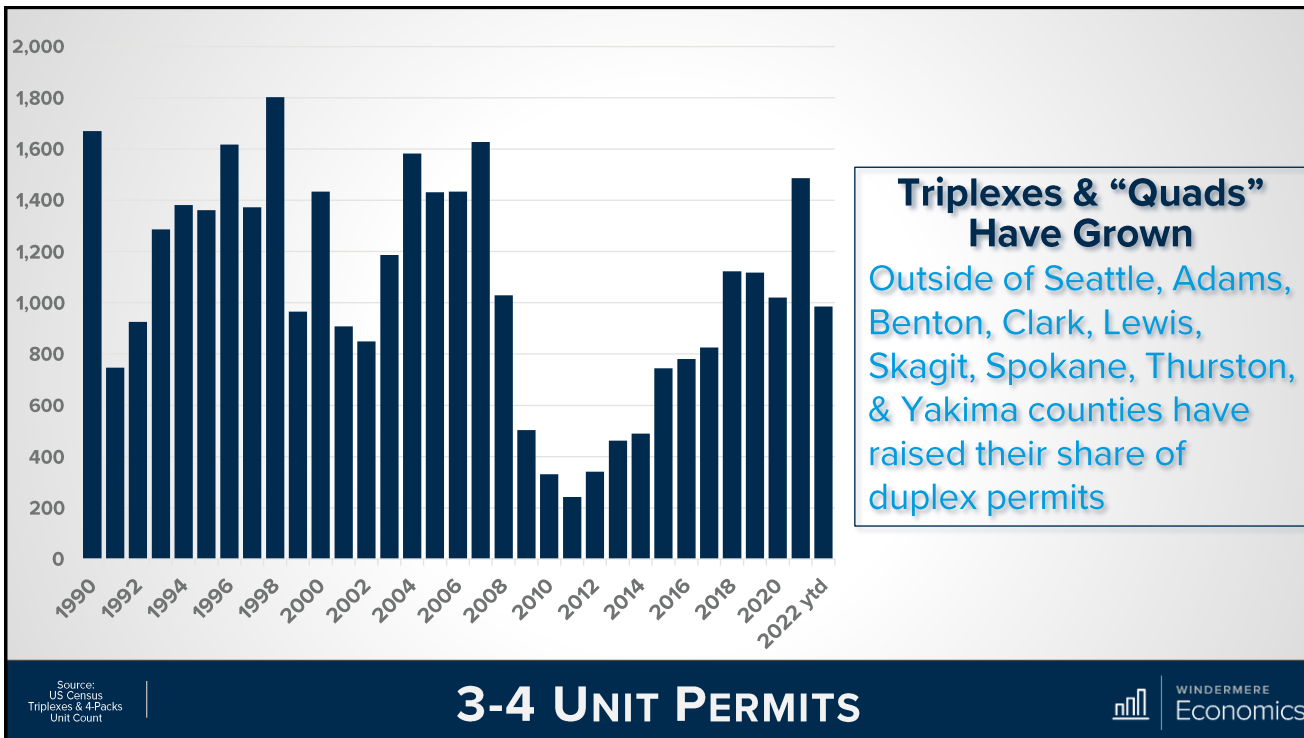


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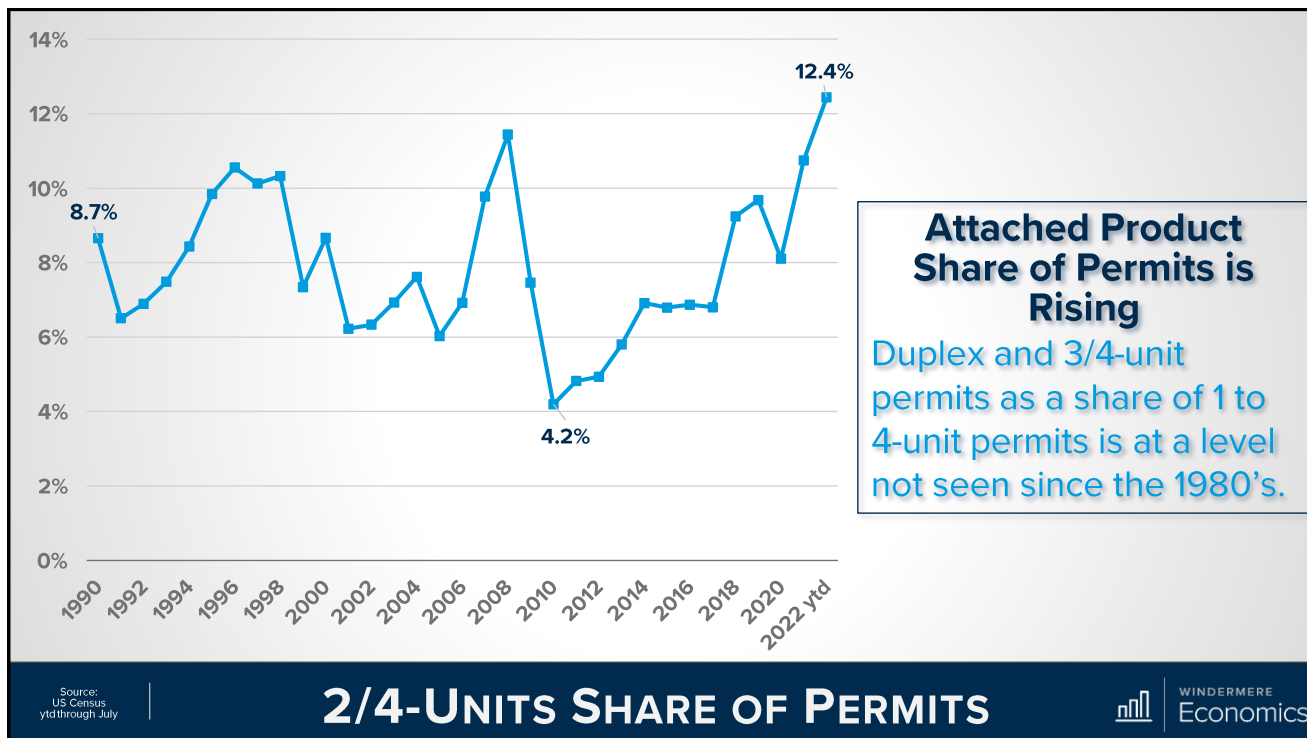
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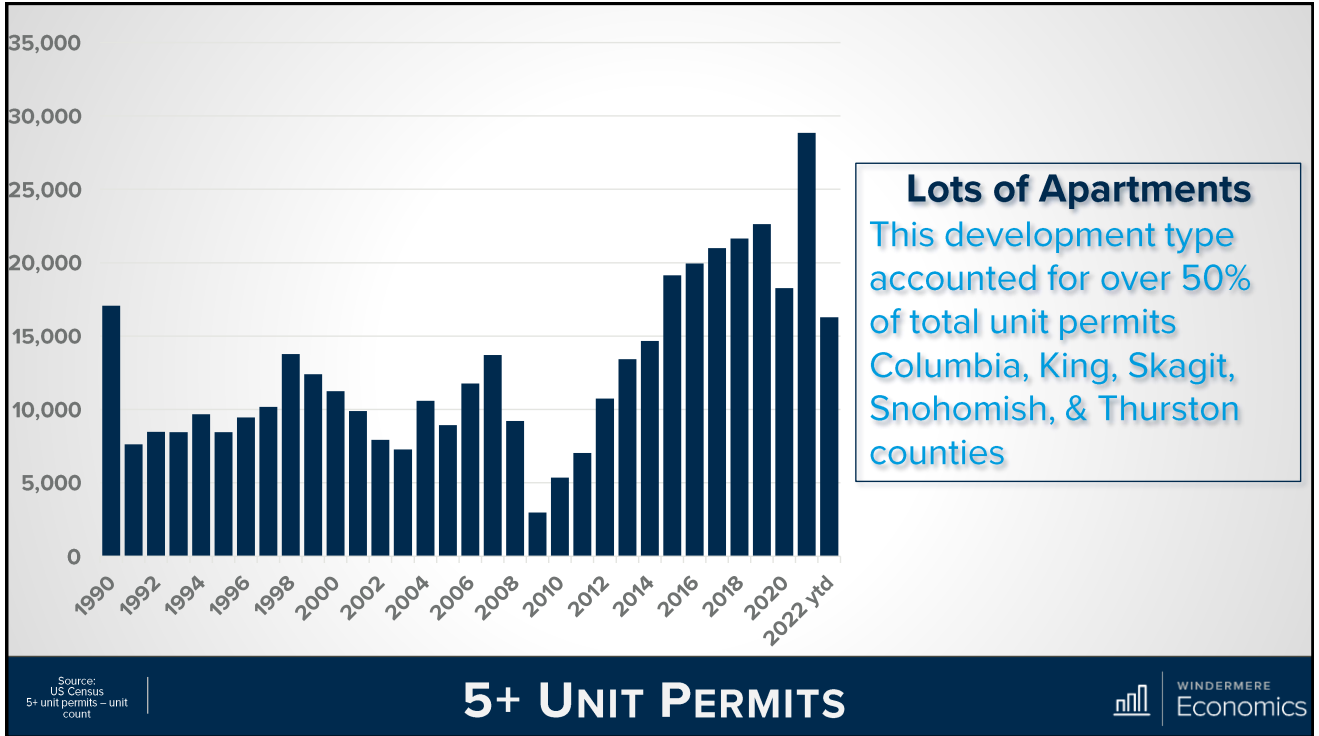
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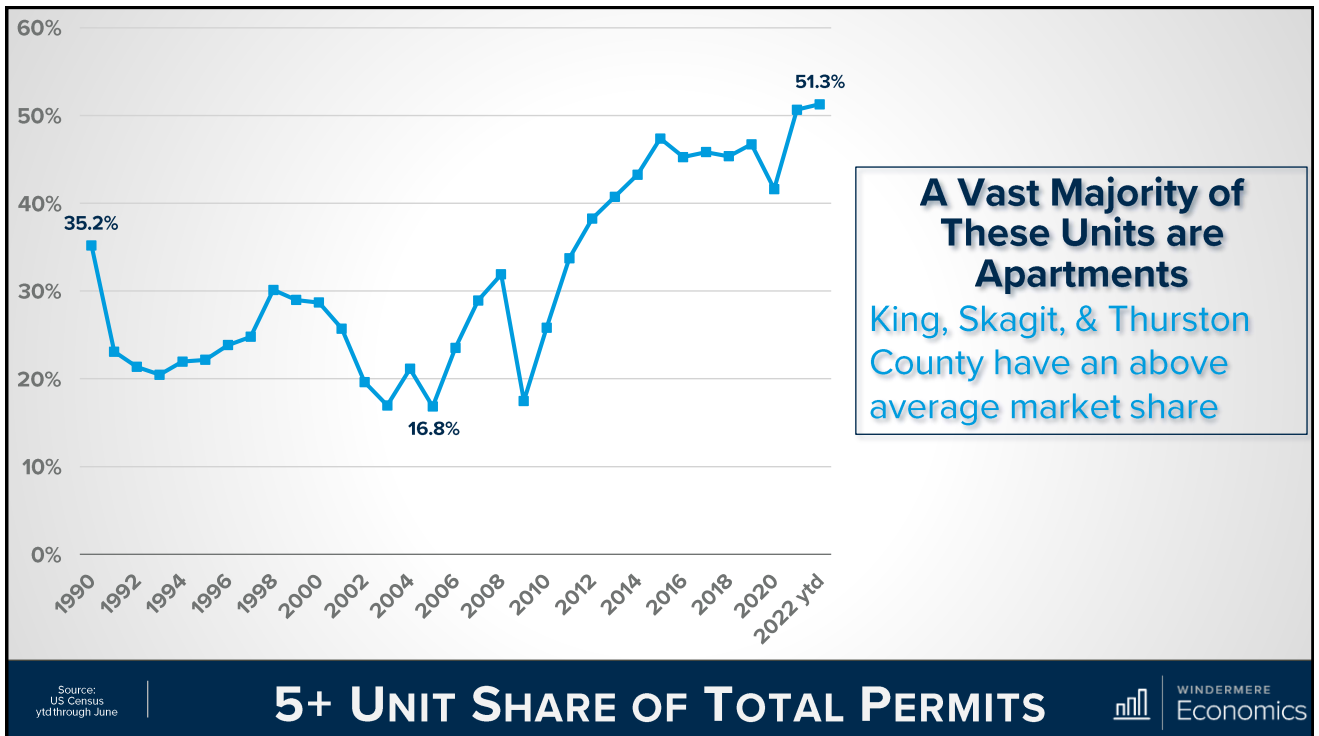
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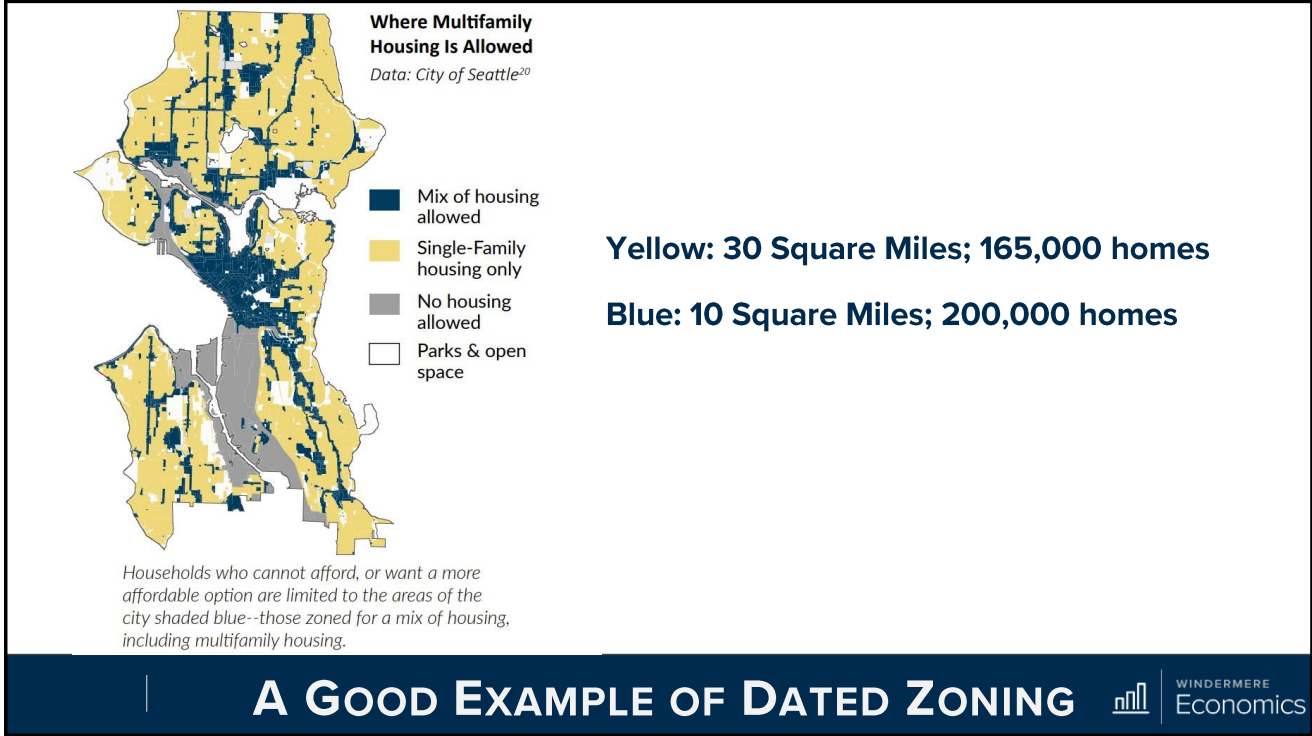
68



69



70



71



72

Minneapolis (2018) – The Minneapolis 2040 Comprehensive Plan

- Legalizes Duplex & Triplex Homes on all Single-Family Zoned Land Citywide

Results to Date

- 62 Duplex & 17 Triplex Unit Permits Issued;
- Half of the Duplexes & 14 of the Triplexes were Built on Single-Family Zoned Land.

AREAS WHERE ZONING FORM HAS BEEN ENACTED 

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73

Oregon (2019) – HB-2001

HB 2001

- Legalizes Duplexes on all SF Land in Markets with Population Over 10,000;
- Legalizes Duplex, Triplex, & Quads on all SF Zoned land in Communities with Population Over 25,000;

AREAS WHERE ZONING FORM HAS BEEN ENACTED 

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74

Oregon (2021) – SB-458

SB 458

- Allows for Lot Divisions of a “parent lot” Solely for Ownership Opportunities of Middle Housing Units;
- Bans Cities and Counties from Mandating Driveways or Parking Spaces in Land Use Applications; &
- Prohibits HOA’s or Restrictive Covenants from Forbidding Partition Division

AREAS WHERE ZONING FORM HAS BEEN ENACTED 

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75

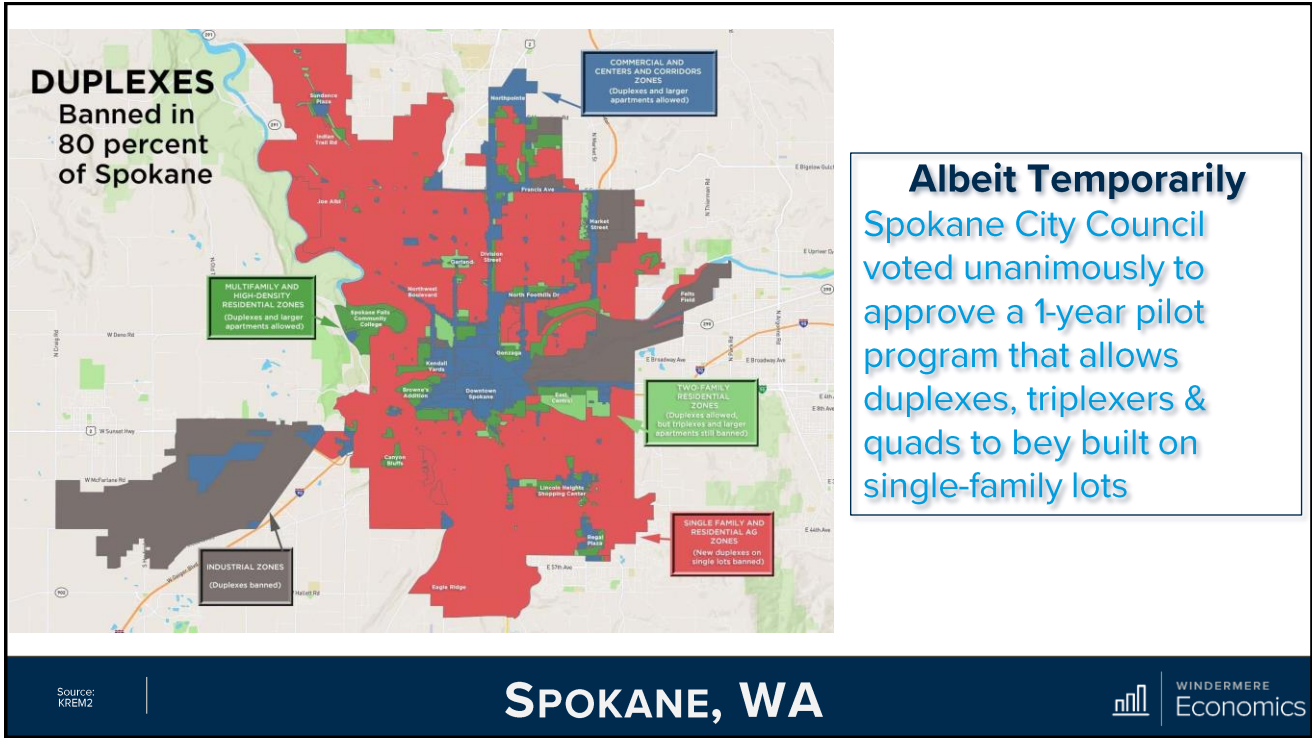
California (2021) – SB-9

- It allows homeowners in most areas around the state to divide their property into two lots, thereby increasing opportunities for homeownership in their neighborhood; &
- It allows two homes to be built on each of those lots, with the effect of legalizing fourplexes in areas that previously only allowed one home.

AREAS WHERE ZONING FORM HAS BEEN ENACTED 

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76



77



78



NIMBY vs YIMBY



SIDE-BY-SIDE DUPLEXES



STACKED DUPLEXES

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81



TRIPLEXES

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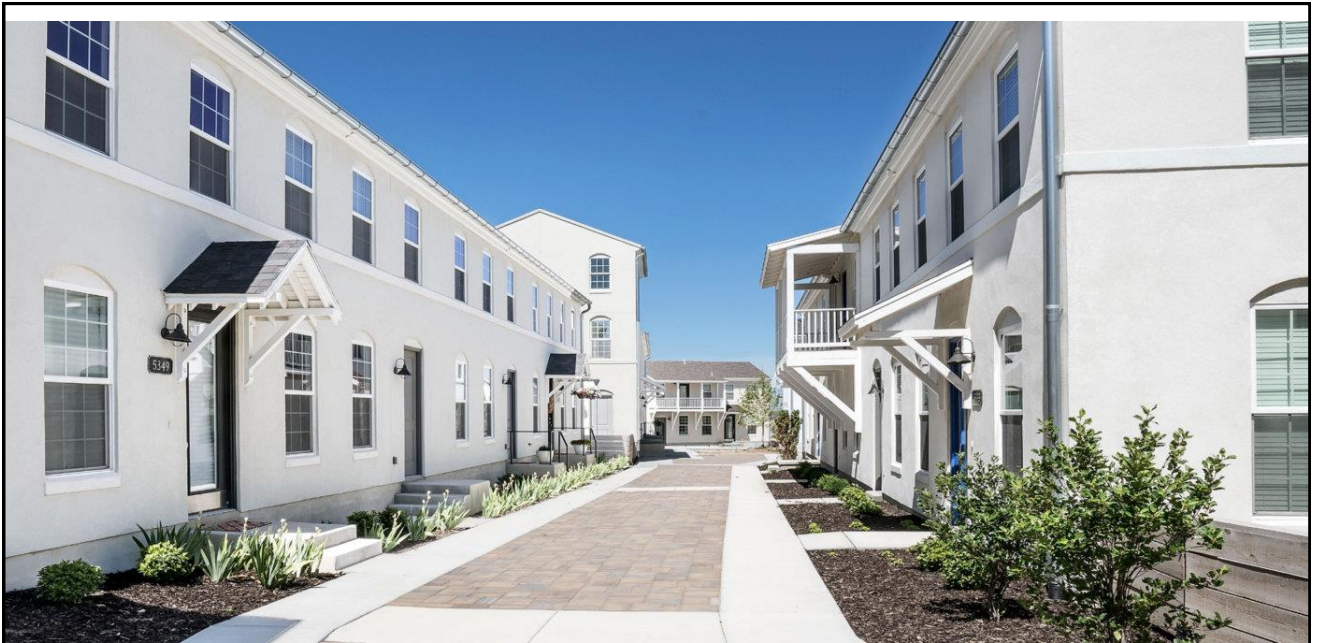
82



STACKED FOURPLEX

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83



MEWS HOMES

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84



TOWNHOMES

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85



LIVE-WORK

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86



MEDIUM MULTIPLEX (5-12 UNITS)

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87



COURTYARD BUILDING (6-25 UNITS)

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88

Support Completely Rewriting the Methodology for the BLA (It's Been 30-Years!)

1. Zoned Capacity Estimates Ignore Financial Feasibility, Demand for that Type of Housing, & Landowners' Willingness to Sell;
 2. Population Projections are Notorious for their Inaccuracy;
 3. It Includes Land That is Highly Unlikely to See Development;
- Etc. etc. etc.....

WHAT CAN BE DONE?

Optimize Residential Densities

- Pass Legislation to Allow Select Multifamily Development To Occur Inside Single-Family Zoned Areas;
- Look at Increasing Minimum Gross Densities in all Residential Zones;
- Lot Size Averaging;
- Raise Short Plat Thresholds; &
- Allow a Duplex on each Corner Lot Within All Single-Family Zones

WHAT CAN BE DONE?

Speed Up the Permitting Process

- Statewide, the Average Delay in Permit Issuance Was More than 6-months and Added Over \$26,000 to the Cost of a New Home Due to Carry Costs.

Reduced Building Setback Requirements

- Larger Setbacks Lower Density Which Raises Cost Pressure

WHAT CAN BE DONE?



91

Local Vesting of Regulations & Moratoria

- Vesting Ensures Certainty, Stability, & Fairness in the Development Process; &
- Limit Scope and Duration of Imposed Moratoria

WHAT CAN BE DONE?



92

Consider Use of State, County, City, & PUD Land

- There is low-hanging fruit here. Although certainly not applicable in all regions of the State, Western Washington & Spokane can benefit from considering land that could be rezoned and developed *relatively* easily

WHAT CAN BE DONE?



93

Final Thoughts



94

Any Questions?



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95



MGardnerEcon

MGardnerEcon



MJDGardner

MGardnerEcon



m.gardner@windermere.com



96

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