Draft for Public Review

ONE SEATTLE PLAN
COMPREHENSIVE PLAN UPDATE

DRAFT
HOUSING APPENDIX

Seattle
Office of Planning &
Community Development

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Introduction

Policy Framework and Housing Appendix Contents

The Housing Appendix provides data and analysis to inform Comprehensive Plan policies on housing consistent with requirements of state Growth Management Act, VISION 2050, and the King County Countywide Planning Policies.

GROWTH MANAGEMENT ACT REQUIREMENTS

Since its initial adoption in 1990, the Growth Management Act (GMA) has required local comprehensive plans to include an inventory and analysis of existing and projected housing needs. Providing data and analysis to meet these requirements, as well as to inform housing-related goals and policies in the One Seattle Plan, are key purposes of this Housing Appendix.

With the adoption of House Bill (HB) 1220 in 2021, the state Legislature strengthened GMA requirements related to housing policy and analysis.

HB 1220 strengthened GMA's overarching goal for housing so that Seattle and other jurisdictions must now "plan for and accommodate" housing affordable to all economic segments of the state's population, rather than simply "encourage the availability" of such housing as the goal was previously worded.

To provide information necessary for advancing this goal, GMA now requires our Comprehensive Plan to document in detail various aspects of housing need and our ability to meet that need. Specifically, GMA now requires our housing analysis to incorporate projected housing needs, as provided by the Department of Commerce (Commerce) for:

> (i)   Units for moderate, low, very low, and extremely low-income households; and

> (ii)   Emergency housing, emergency shelters, and permanent supportive housing.

These projections are documented in this appendix.

To advance progress toward the strengthened housing goal in GMA, the Act also now requires urban jurisdictions to support moderate density housing options including, but not limited to, duplexes, triplexes, and townhomes. This is intended to expand the supply and diversity of housing choices available at lower cost than traditional detached housing.[1]

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[1] The Washington State Department of Commerce explains in 2021 Legislative Changes to the Housing Laws that "this means that…there must be policies [in local comprehensive plans] supporting moderate density housing options such as "missing middle" housing. This list may also include cottage housing, four- and six-unit multiplexes, row houses, and courtyard apartments, with the goal of providing additional housing units at a lower cost than traditional single-family housing." Commerce indicates that missing middle housing refers to "a range of house-scale buildings with multiple units—compatible in scale and form with detached single-family homes—located in a walkable neighborhood."

Providing ample and appropriate land use capacity for residential development is necessary but on its own insufficient to meet future housing needs. As strengthened by HB 1220, GMA also requires us to demonstrate adequate land capacity to accommodate housing that can potentially address each level of affordability, analysis of which is included in this appendix.

The Housing Appendix also contains analysis to address other requirements added by HB 1220, including:

- Evaluation to understand whether we are making adequate provisions for needs at all income levels, and analysis to identify barriers to addressing needs along with programs and strategies to overcome those barriers.

- Analysis identifying policies and regulations—including zoning and development regulations—that result or have historically resulted in racially disparate impacts, exclusion, and displacement.

- Identification of areas that may be at higher risk of displacement, including due to market dynamics that can accompany changes to zoning and capital investments.

The analyses in our Housing Appendix makes extensive use of the guidance from Commerce for addressing these expanded requirements.

REGIONAL AND COUNTYWIDE REQUIREMENTS

The Housing Appendix also provides analysis that the Puget Sound Regional Council's VISION 2050 plan and the King County Countywide Planning Policies require local comprehensive plans to include.

VISION 2050

VISION 2050 includes Multicounty Planning Policies (MPPs) and a Regional Growth Strategy guiding long-range planning in the four-county central Puget Sound region. VISION 2050 requires housing needs analyses in local comprehensive plans to evaluate the effectiveness of local policies and strategies to achieve housing growth targets and affordability goals. VISION 2050 provides guidance to address affordability in a holistic manner that considers how costs to households are affected by the location of housing in relation to jobs and transportation. The analysis in this Housing Appendix responds to these requirements and addresses the expanded direction in VISION 2050 for analyzing displacement risk to help inform strategies to mitigate displacement.

Countywide Planning Policies

The King County Countywide Planning Policies (CPPs), as updated by the Growth Management Planning Council (GMPC) in 2021 and further amended in 2023, provide a detailed framework for all jurisdictions in the county to coordinate and prepare local comprehensive plan updates consistent with both GMA and VISION 2050.

The CPPs include housing and employment growth targets for each jurisdiction in the county. In furtherance of the requirements of HB 1220, the updated Housing Chapter of the CPPs identifies

each jurisdiction's allocated share of countywide needs for housing units affordable to moderate-, low-, very low- and extremely low-income households along with needs for permanent supportive housing and emergency shelters. Finally, the CPPs build on the updated GMA requirements by requiring more detailed housing analysis in local comprehensive plans.

In response to the new CPP requirements, our Housing Appendix includes analysis characterizing the nature of local housing needs and provides extensive analysis of the housing supply and market within Seattle. The Housing Appendix also examines disparities in access to neighborhoods with key components of livability describing historical and current land use and housing practices associated with these outcomes.

Overview of Data Sources

The Housing Appendix draws from a wide array of resources and data. These include, as noted, projections from the state Department of Commerce and also datasets from the federal Census Bureau and Department of Housing and Urban Development (HUD), Puget Sound Regional Council (PSRC), King County Department of Assessments, Seattle City building permits database, and housing market analysis and datasets from companies such as Zillow and CoStar.

When considering the findings of these analyses, it is important to know that the time periods or points in time for the data reported from these sources vary and, accordingly, so do the population, household, and housing unit totals covered in these data. Some temporal variation reflects differences in data release schedules and data availability at the time analysis for this appendix was performed.

Seattle's Role as a Large, Growing Metropolitan City

The 2020 Census counted 737,015 people in Seattle. This ranks Seattle as the 18th most populous U.S. city and the most populous city in King County, the Puget Sound region, and the state of Washington.

As shown in Figure 1, Seattle is one of the five "Metropolitan Cities" in the Regional Growth Strategy adopted by PSRC as part of our region's VISION 2050 long-range plan. This designation acknowledges Seattle's role as a cultural, economic, and transit hub within the county and region.

As the Metropolitan Cities within King County, Seattle and Bellevue are expected to accommodate 44 percent and 46 percent of the county's population and employment growth, respectively. With regards to planned *regionwide* growth, Seattle and Bellevue together account for 22 percent of the increase in residents and 27 percent of the increase in jobs.

Figure 1

Seattle: One of five Metropolitan Cities in the Puget Sound Region
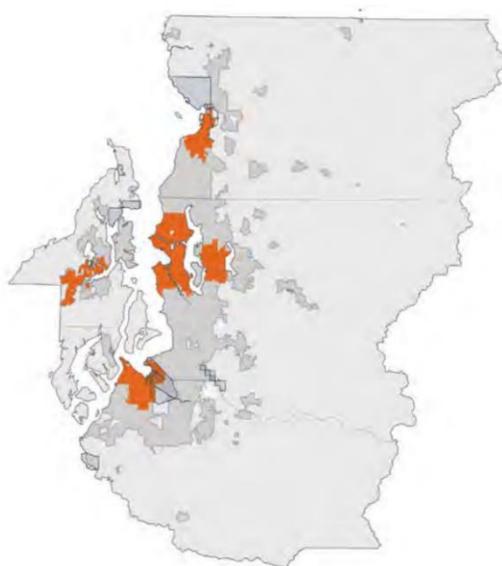
Image from Puget Sound Regional Council VISION 2050 Regional Growth Strategy

Seattle's Growth in Recent Decades

Seattle has seen substantial population, household, and housing growth in recent decades.

The decade between 2010 and 2020 was a period of especially rapid population growth in Seattle, driven largely by our city's strong employment opportunities and high quality of life.

As illustrated in Figure 2, Seattle's population grew by 21 percent from 2010 to 2020. This was more than double the 10-year growth rate experienced in each of the two preceding decades. A similar pattern is seen with the growth in the number of households in Seattle. While Seattle's housing supply also grew substantially between 2010 and 2020, it did so at a slower pace than the city's population and households.

For several years during the second half of the 2010s Seattle's rapidly growing population made it one of the fastest-growing large cities in the U.S. according to the Census Bureau annual population estimates.

Seattle in the 2020 Census: By the Numbers

- The 2020 Census counted 737,015 residents in Seattle, making it the 18th most populous city in the U.S.

- Seattle had the 3rd fastest population growth from 2010 to 2020 of the 50 largest U.S. cities.

- Seattle was one of 14 cities in the U.S. that grew by more than 100,000 people from 2010 to 2020.

For additional context, Table 1 below includes statistics on job growth and compares how Seattle's growth between 2010 and 2020 compares to that of King County as a whole. Between 2010 and 2020, the number of covered jobs located in Seattle increased by 38 percent, which is double the 19 percent rate of the city's growth in housing units, and more than one and a half times the 24 percent growth in covered jobs in King County overall.

The fact that Seattle's housing growth, while rapid, occurred at a slower rate than Seattle's job growth has contributed to the rapid increase in rents and housing prices confronted by Seattle renters and would-be home buyers.

Figure 2

Source: Decennial census counts, U.S. Census Bureau.
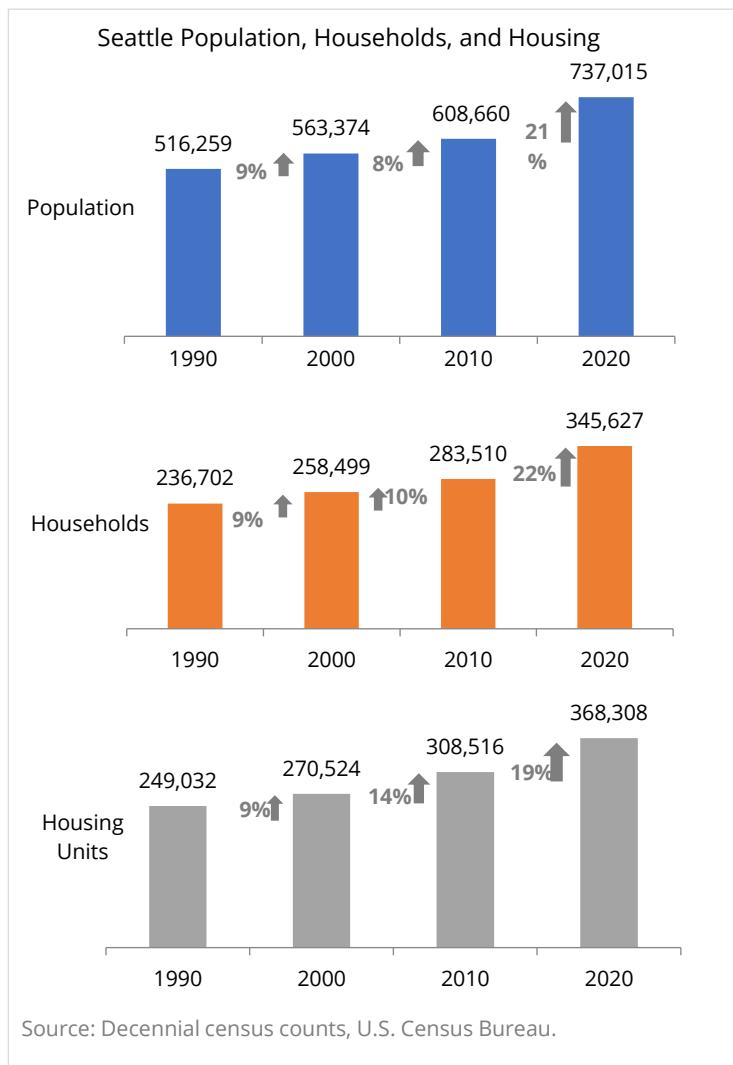
Table 1

Population, Households. Housing, and Jobs Seattle and King County: 2010 and 2020								
	Seattle				King County			
	2010	2020	Change 2010-2020	% Change 2010-2020	2010	2020	Change 2010-2020	% Change 2010-2020
Population	608,660	737,015	128,355	21%	1,931,249	2,269,675	338,426	18%
Households	283,510	345,627	62,117	22%	789,232	917,764	128,532	16%
Housing	308,516	368,308	59,792	19%	851,261	969,234	117,973	14%
Covered Jobs	462,739	637,913	175,174	38%	1,149,642	1,430,940	281,298	24%

Sources: Population, households and housing units from the decennial census, U.S. Census Bureau. Covered employment estimates published May 3, 2022, on PSRC's data portal.

Notes: Covered employment refers to jobs covered by the state unemployment insurance and excludes self-employed workers, proprietors, CEOs, and some other types of workers. PSRC estimates that regionally covered employment comprises roughly 85-90% of total employment. PSRC estimates that covered employment is roughly 85-90% of total employment.

Seattle's Population Growth Since 2020

After a temporary decrease in Seattle's population early in the COVID-19 pandemic, Seattle reclaimed its status from the late 2010s as one of the fastest-growing large cities in the nation. According to the Census Bureau's Vintage 2022 population estimates, Seattle was the fastest growing of the 50 largest cities in the U.S. from for the period July 1, 2021, to July 1, 2022.

Most recent population available for Seattle

- The Census Bureau's population estimates peg Seattle population at 749,256 as of July 1, 2022. With growth of 2.4% over July 1, 2021, this places Seattle as the fastest growing city among the 50 largest cities in the United States.

- The Washington State Office of Financial management, which uses a different methodology than the Census Bureau, estimates that Seattle's population was 762,500 on April 1, 2022. And 779,200 on April 1, 2023.

Seattle's Projected Population Growth

Given recent trends—along with the strong economy, urban amenities, and natural beauty that Seattle and surrounding region offer—we anticipate that our city will continue to see substantial population growth. Informed by these considerations, and by regional and county-level projections, we expect Seattle's population to reach one million by the middle of this century and potentially approach this figure by the 2044 horizon for the One Seattle Plan.

Growth Targets and Housing Need Projections

Growth Targets

Under GMA, Seattle must plan for and accommodate through zoned capacity the growth targets allocated to the city, consistent with population projections prepared by the state and frameworks provided by regional and countywide planning policies.

In 2021, the King County GMPC approved housing and employment growth targets for jurisdictions in the county to integrate into our 2024 comprehensive plan updates. Even though the planning period for our 2024 updates is 20 years, the growth targets in the CPPs refer to a 25-year period of 2019-2044 to reflect the base year data available at the time the targets were adopted.

For Seattle, the 25-year growth targets include at least 112,000 net new housing units and 169,500 net new jobs. The targets reflect Seattle's important role as a Metropolitan City in the VISION 2050 Regional Growth Strategy. The housing targets adopted by GMPC in 2021 were based on OFM population projections released in 2017 and are also consistent with the more recent projections released in 2022.[2]

Because the City's Comprehensive Plan covers a 20-year period, Seattle adapted the 25-year target to a 20-year timeframe for consistency with the 2024 Comprehensive Plan's planning period spanning 2024 to 2044.[3] Accounting for recent and ongoing growth, the estimated 20-year growth targets for the One Seattle Plan are 80,000 net new housing units and 158,000 net new jobs.

Growth targets in the CPPs are one source of information used to estimate the housing needs addressed in the One Seattle Plan. In addition to adopted targets, we also consider the following factors in identifying future housing need:

- **Past under-production.** Over the past decade, housing growth has lagged population, household, and employment growth in Seattle. This trend contributes to an overall housing shortage that drives housing costs ever higher. Planning for additional housing production in the future can help to alleviate this pressure and more completely meet the needs of Seattle's current residents.

- **Lack of housing diversity.** Seattle's housing stock is dominated by two categories of housing: increasingly expensive single-family detached dwellings and smaller rental apartments. Recent growth is predominantly studio and one-bedroom apartments. Planning

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[2] For details, see agenda item "Washington State Office of Financial Management 2022 Growth Projections" presented by the Interjurisdictional Staff Team (IJT) at the GMPC Meeting, March 22, 2023.

[3] We prorated the 25-year housing growth target to our 20-year planning period by using building permit data and subtracting from the 25-year housing target a) an estimate of actual housing growth from the end of 2019 to the end of 2022 and b) a short-term projection of growth for the 2023 and 2024 calendar years. We employed a similar, though not identical, strategy to prorate the 25-year employment growth targets to our 20-year planning period.

for abundant housing supply, especially new housing options such as middle housing, can help to alleviate market pressure and boost housing choices for larger households, households with low- to moderate-incomes, and others.

- **Uncertainty about future growth.** Adopted growth targets are the product of analyses and policy goals. There is considerable uncertainty about the pace of future growth. For example, since the current Seattle 2035 Comprehensive Plan was adopted in 2015, Seattle has grown at approximately twice the rate that was anticipated in the growth targets in that plan. Factors such as continued strong economic growth or even climate migration could lead to future growth in Seattle that could significantly exceed our adopted GMA growth targets.

Housing Need Projections

Per new GMA requirements, the state Department of Commerce (Commerce) provides county-level projections of housing needs for households by income category, as well as the need for emergency housing and permanent supportive housing (PSH). GMPC has allocated these projections to each local jurisdiction to plan for and accommodate in their comprehensive plan updates.

State projections of future housing needs are designed to meet several overarching goals:

- First, that no household will have to pay more than 30 percent of its income on housing (the federal threshold for cost burden).

- Second, the housing needs of the homeless population will be fully met through permanent housing, permanent supportive housing, and emergency housing.

The projections from Commerce present housing needs in two broad categories: a permanent housing category, with projected needs distributed by income level, and an emergency housing units/beds category.

STATE METHODOLOGY FOR PROJECTING HOUSING NEEDS

Following is a summary of the approach used by Commerce to project housing needs for each county.[4]

Permanent housing units: Commerce's model for projecting growth in the number of housing units needed by income level addresses current[5] unmet needs as well as needs associated with projected population growth.

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[4] Commerce's guidebook "Establishing Housing Targets for Your Community" (Book 1), published July 2023, provides details on the sources, assumptions, and models used to project housing needs. (See pages 27-57.) This book is available on Commerce's Updating GMA Housing Elements webpage.

[5] Here we are using the term "current" to describe baseline existing conditions in the Commerce model.

- **Housing needs of current housed residents.** The high market cost of housing, combined with an insufficient supply of subsidized below market rate housing, means that many existing households, especially those in the lowest income categories, cannot find housing that is affordable to them and are thus cost burdened (i.e., paying more than 30% of their income for housing). In order to relieve the cost burden for these households, a portion of each county's projected need includes lower cost units, many of which would have to be subsidized to be affordable to lower-income households (generally below 50% of AMI). Market rate units currently occupied by low-income households would be freed up to meet housing needs at higher income levels, thus theoretically reducing the need to add units that are affordable to moderate income households.

- **Housing units needed for the current population experiencing homelessness.** Commerce assumes that 90 percent of the population experiencing homelessness needs permanent housing affordable at 0-30% of AMI and the remaining 10 percent need permanent housing affordable at 30-50% of AMI.

- **Housing needs of new households.** The remainder of the 25-year need for housing that is affordable at each income level is driven by population growth, as projected by the State Office of Financial Management. Commerce assumes that the proportion of future households at each income level will be consistent with the existing distribution of household income across income levels in each county.

Permanently supportive housing (PSH) is defined by Commerce as subsidized rental housing without limits on length of tenancy that provides on- or off-site voluntary services for people who need comprehensive support to successfully stay housed. This form of housing is tailored to persons who are living with complex and disabling behavioral or physical health conditions and who are experiencing homelessness or at imminent risk of homelessness.[6]

In their model, Commerce categories PSH units along with other forms of permanent housing while making the simplifying assumption that PSH units serve only households with incomes at or below 30% of AMI. Commerce's approach for projecting PSH needs considers both current unmet needs and ongoing needs. The model relies on estimates of both people experiencing chronic homelessness and people experiencing homelessness on a non-chronic basis who have a disabling condition, using these conditions as indicators that PSH would best meet these persons' needs.[7]

Emergency housing encompasses temporary indoor accommodations for individuals or families who are homeless or at imminent risk of becoming homeless. The emergency housing need projections by Commerce are for emergency housing and emergency shelters that provide overnight accommodations including, but not limited to, temporary apartments, hotel rooms,

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[6] These descriptions of PSH and Emergency Housing are drawn from Commerce's guidance in, Establishing Housing Targets for Your Community, July 2023)

[7] Commerce's model assumes each person in need of PSH will stay in emergency housing for some time prior to moving into a PSH unit.

traditional shelter arrangements, shelters for people fleeing domestic violence, hotel rooms, and homes in tiny home villages.

In modeling Emergency Housing needs, Commerce's model aims to estimate the additional amount of emergency housing required to "functionally end unsheltered homelessness."[8] The model accounts for the baseline homeless population not yet served in emergency housing and uses the results of a simulation based on ten risk factors (a few of which include evictions, unemployment, severe rent burden, overcrowded housing, and incarceration) to project the number of people expected to become homeless each year.[9]

LOCAL ALLOCATION OF HOUSING NEEDS

GMA requires each county to collaborate with its cities to allocate the countywide housing needs projection from Commerce to each city. In King County, the GMPC and its Affordable Housing Committee did this work. The allocation is included in the CPPs.

King County used a two-step methodology to allocate the housing need at each income level to cities:

- **Step 1:** Allocate shares of countywide need at each income level proportionally based on each city's share of overall projected housing growth through 2044.

- **Step 2:** Adjust the mix of housing need to reflect a greater need to add units that can be affordable to lower-income households (with incomes at or below 80% of AMI) in cities where 1) housing costs are higher, 2) the supply of income-restricted affordable units is relatively low, and/or 3) there is a high number of jobs relative to housing units.[10]

Table 2 shows the resulting housing supply estimates and need projections for Seattle.

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[8] For more background, see page 43 in Establishing Housing Targets for Your Community.

[9] Commerce notes that the projections of emergency housing needs assume only modest improvements over time in system performance. Commerce points out that substantial increases in resources devoted to affordable housing production or vouchers could reduce rates of homelessness and the corresponding need for emergency housing beds.

[10] Specifically, increases to the portion of a growth target dedicated to affordable housing were made in jurisdictions where existing proportions of units affordable at or below 80% of AMI are lower, income-restricted housing shares of housing are lower, and the imbalance of low-wage workers to low-wage jobs is more pronounced. The allocation methodology is described in AHC recommendations sent to the GMPC on December 29, 2022.