From:	Gina Clark
To:	PED Public Comment
Cc:	Evan Maxim; Kate Kaehny; Jennifer Kester
Subject:	MBAKS Written Comments for PED Committee Meeting, April 22, 2021
Date:	Thursday, April 22, 2021 12:46:05 PM
Attachments:	image001.png image002.png image003.png image004.png image005.png image006.png

---

Good afternoon, SeaTac PED Committee Members.

On behalf of the Master Builders Association of King and Snohomish Counties (MBAKS), please accept these written comments for this afternoon's PED Committee meeting, April 22, 2021, item #4, Housing Action Plan, Review of Options for Housing Strategies. MBAKS does not require these written comments be read into the record, but are providing them for consideration by the PED Committee Members and City staff.

MBAKS respectfully urges PED Committee support of four potential strategies in item #4 on the agenda that can promote Missing Middle Housing, as well as consideration of two others for potential support.

In particular, MBAKS supports, and we respectfully urge Committee support of:

#3.4 Exploring pre-approved ADU plans
#3.3 Allowing cottage housing in residential low zones
#3.2D Adding flexibility to small lot single family requirements
#4.2: Partner with residential property owners in rezoning properties to maximize their housing potential

With consideration of potential support for:

#4.3A Consider Decreasing Minimum Lot Size in the Urban Low (UL) 7,200 Single Family Zone
#4.4B Pilot Program for Micro-Apartments

#3.2D: Allowing flexibility to small lot single family requirements is extremely important. The ability to expand housing choice, supply and affordability is at the heart of Missing Middle Housing and is what is desperately needed in our region. ***Jurisdictions need to allow small lot single family flexibility to design and build different types of housing to meet the vastly different housing needs across a spectrum of affordability for a diverse population.***

- More than half of a Washington city's residential areas allow only single-dwelling houses.
- Duplexes, triplexes, fourplexes, sixplexes, stacked flats, townhomes, and courtyard apartments are more affordable than detached, single-dwelling houses because land costs, which account for a significant portion of a home's value, can be shared across several households.
- Construction costs for "plexes," stacked flats, townhomes and courtyardapartments are lower per square foot than taller apartment buildings.
- Allowing middle housing types is not a new idea—it simply re-legalizes housing types that used to be allowed without question.

Middle housing allows land costs to be shared, which is vital as land is extremely expensive in the Puget Sound region. It also allows the same size piece of land that would be used for single-family to maximize

space, providing more homes for people more efficiently. (*Please see attached Pushing the Needle, pulled from The Urbanist. Graphics 1 and 2, Home Cost & Land Needed Per Home. These are VERY rough estimates in costs and value, and are from Seattle estimates, NOT SeaTac, which would differ slightly, likely being more affordable in land costs and cost of housing. They are illustrative of how many people could be housed and how to maximize land and people with value per dollar and shared costs).*

MBAKS commissioned a study in 2019 to review residential zoning regulations in King, Snohomish and Pierce Counties. We wanted to know which jurisdictions have minimum residential densities that fall below four dwelling units per acre. Four dwelling units per acre is the planning standard for being considered "urban." This study looked only at UGAs. The results of the study were staggering:

- 58% of the jurisdictions in the three-county region limit density to less than four dwelling units per acre
- In King County alone, 74% of jurisdictions allow less than four units per acre

Using our urban land efficiently is important for regional stewardship. Allowing and building missing middle housing will help our communities avoid environmental damage and costly sprawl.

#3.3: Cottage housing in residential low zones is another important solution to our region's housing crisis. Smaller housing on smaller lots does a number of things:

- It maximizes available land and space, allowing more homes per square foot
- If done right, design flexibility can maximize FAR and design bulk and scale to create small but charming and efficient homes
- Reduced parking, yard, and setback requirements can give way to shared walkways, shared parking, and shared common areas for outdoor recreation. Again, maximizing available land and footprint, reducing paved area and environmental impact, creating different types of housing for different needs (some people don't need or want large yards for children's play structures, for example, or can handle yard maintenance)
- Reduced parking for cottages saves money on building costs
- Smaller homes are easier for seniors to age in place
- Smaller homes can be more cost effective for first time homebuyers, including first time homeownership in BIPOC communities
- First time homebuyer opportunities are vital to gain equity. Nearly all homeowners in the Puget Sound region currently have more than 50% equity in their homes, giving them more economic security and financial freedom than renters.
- Providing this homeownership opportunity for families and individuals looking to live in our urban areas is vital. And we know that every dollar counts. According to the National Association of Home Builders' Priced Out Report for 2021, for every $1,000 increase in the price of a home in the Seattle/Bellevue/Tacoma market, 1,557 people are "priced out."

  https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2021/special-study-nahb-priced-out-estimates-for-2021-february-2021.pdf?_ga=2.204808856.946746581.1615318888-641608196.1615318888.

  In the Seattle-Bellevue-Tacoma area, the median price for a home is $542,762. It takes a median income of $116,574 to be considered to qualify for a standard loan. There's a total population of 1,571,761 people in the region. Of those, 639,320 can afford home ownership, but 932,441 are priced-out with every increase of $1,557 in the cost of housing.

- Finally, opening up single family residential zoned land is important. Missing middle housing is not a new concept, but one that gave way to the exclusionary single-family zoning, redlining, and lending practices that began at the turn of the century and continue today through regulations and zoning that prohibit middle housing types. A significant step is acknowledging our area's history of exclusionary housing policies to keep us accountable to achieve equity—from housing to education to jobs to financing and beyond.

#3.4: Several jurisdictions have or are considering pre-approved ADU plans including Seattle, Kirkland, Burien, and Renton. The pre-approved plans can make building and approving ADUs predictable for both applicants and the City, more cost effective, and save time for both the applicant and the City. Giving several pre-approved plans can also provide enough design flexibility for more challenging lots or to more easily fit the character of the community. In a time of severe housing supply shortage, increasing housing costs, and ever decreasing housing choice, it's vital to provide more flexible, cost-effective, and predictable housing choices for a diverse population. Pre-approved plans for ADUs can help be part of that solution.

4.3A: Although MBAKS realizes this may be a very tough political sell, and one that will undoubtedly raise fears of density and loss of community character, if done right, decreasing minimum lot size in the Urban Low (UL) 7,200 Single Family Zone has the potential to answer much of the challenges facing growth issues in SeaTac. Some of the benefits:

- Maximizes available land
- Costs of construction are shared per unit placed on the lot
- Units are allowed by right on smaller lots, saving time and money
- Opens up once untouchable single family zoning, making land use more equitable
- More people will find more opportunities for homes
- The city's property tax base would open up
- Smaller lots could house a mix of homes that with the right design characteristics, could be planned and fit "character"
- It's environmentally sound planning that could benefit from shared alleyways, infrastructure, etc.

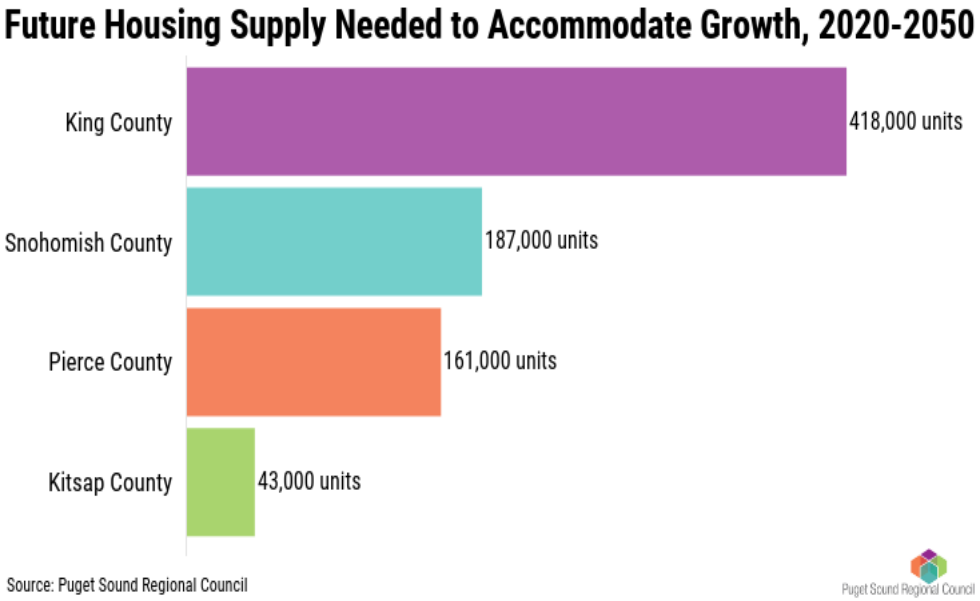
Consider it. SeaTac could be bold on this one and working with the right builders, could see real investment, including with current residents **#4.2**.

In addition, MBAKS would also suggest the following be considered to provide a well-rounded, balanced approach to housing needs in SeaTac:

#2.2: Although SeaTac has seen a significant rise in the number of apartments and multi-family units the last several years, amending outdated code and working closely with our multifamily members to streamline and update code is imperative to cut costs and time and ensure that quality, sustainable, attainable product is being built. In addition, MFR offers significant opportunity for transit oriented development and more affordable rental units. Some builders and jurisdictions are turning MFR to stacked flats and courtyard apartments, something more design flexibility in SeaTac may want to consider.

#4.4: MBAKS supports a wide-range of housing choice, including jurisdictions exploring tiny homes and micro-apartments. Redmond has currently added tiny homes into its draft zoning code. Others are talking about adding micro-units. These offer students, seniors, or single working individuals. Micro units can be a vibrant part of workforce housing, near commercial zones, near educational opportunities, and near senior care facilities. They provide more affordable rental units as rents continue to rise, and some have offered them as homeownership.

We need housing supply in our region. According to PSRC, our region will grow by another 1.8 million people by 2050. Currently, we are “under housed,” and we are two years’ behind as a region in providing enough units for everyone to have a safe, attainable home. And the need for more affordable and attainable housing at almost every AMI is continuing to grow.



MBAKS acknowledges growth and changing code, design, and moving away from “traditional” building is scary for communities. Acknowledging this upfront is necessary. And admittedly, the building industry as a whole has not always been great at this. SeaTac’s staff is doing a solid job of this, however, and trying to keep all stakeholders involved in every aspect of community change.

MBAKS has established the Coalition for More Housing Choices to address these difficult topics, to find solutions together with our community partners like the Housing Development Corporation (HDC), the South Seattle Chamber of Commerce, and the South King Housing and Homelessness Partners. I would urge Council and the PED to support staff’s work and to engage and empower a very large and diverse group of stakeholders. MBAKS is privileged to be engaged in this work with your City and willing to connect you with other stakeholders as necessary.

In the meantime, MBAKS uses two key tools to help local lawmakers learn more about Missing Middle Housing, zoning, regulation changes, and everything that comes along with it including preventing displacement and engaging your constituents.

- **PSRC Housing Innovations Program**: This is a **fantastic tool**! Use it. Navigate through anything and everything you ever wanted to know about missing middle housing, zoning needed to provide it, types of Missing Middle, density, community engagement programs, mitigating displacement, TOD, etc. https://www.psrc.org/sites/default/files/hip-missing-middle.pdf

- **MBAKS Housing Toolkit:** Please use the MBAKS Housing Toolkit to help find resources, codes, information to build more housing types at more affordable prices points. Locate which jurisdictions in Snohomish and King County have adopted streamlining and process amendments, who has

administrative approval for long plats and SEPA exemptions, parking reductions, incentive programs, model ADU ordinances or townhome regs, etc. Don't re-invent the wheel if you don't have too! https://www.mbaks.com/docs/default-source/documents/advocacy/issue-briefs/mbaks-housing-toolkit.pdf

I know I've met with some of you. For those of you I haven't, please, let's do so. For now, please reach out if you have any questions, comments, or concerns. I'm happy to answer.

Take care, and be well.
Gina

MASTER BUILDERS ASSOCIATION of King and Snohomish Counties

Gina Clark | Government Affairs Manager, King County

p 425.460.8224 **c** 425.268.1156
335 116th Ave. SE, Bellevue, WA 98004

mbaks.com Find us on

We aspire to be the most trusted and respected housing experts in the Puget Sound region.

Building Missing Middle Density

Objective

Encourage development of moderate density ("missing middle") housing types in residential areas throughout your city to increase housing choices.

WHAT IS MISSING MIDDLE HOUSING?

Middle density housing refers to a range of housing types — including duplexes, triplexes, townhomes, cottage housing, low-rise multifamily development, and others — that bridge a gap between single-family housing and more intense multifamily and commercial areas. Middle density housing can help promote housing suitable to a wide range of household types, provide more affordable housing options, and produce urban densities that support walkable communities, local retail and commercial services, and efficient public transit. Yet availability of these housing options is often few and far in between in many communities, hence the term "missing" middle housing.

Reducing land and infrastructure costs through small-lot housing alternatives and more compact development can translate into lower per-unit housing costs when compared with traditional single-family development or high-rise development.

In single-family zones

Single-family zones usually comprise the largest land area of a city, so the opportunities to augment housig density and choice can be substantial. The size and appearance of many missing middle housing types can be incorporated into existing neighborhoods without substantial changes to neighborhood form, and in most cases can be supported by existing infrastructure.

RELATED TOOLS

Accessory dwelling units
Affordability covenants
Cluster development
Commercial linkage fees
Community engagement plans
Cottage housing
Credit enhancement
Density bonuses
Design guidelines
Development agreements
Direct household assistance
Fee waivers and reductions
Flexible development regulations
Form based zoning
Incentive zoning
Inclusionary zoning
Infill development
Interjurisdictional cooperation
Local housing fund
Lot size averaging
Master planned communities
Minimum densities
Mobile/manufactured homes
Multifamily development
Nonprofit partnerships
Parking reductions
Performance zoning
Planned unit development
Preservation and rehabilitation
Public land for affordable housing
Regulatory streamlining
SEPA categorical exemptions
Short plats
Small lot development
Specialized housing training for permitting officials
Strategies to address NIMBY reactions
TDR for affordable housing
Townhomes
Upzones and rezones
Zero lot line development

HOUSING INNOVATIONS PROGRAM

Techniques to expand missing middle options in these neighborhoods can include expanding opportunities for accessory dwelling units and townhomes, reducing minimum lot size requirements, and flexible development regulations to maximize available lot size more fully.

Adding this housing type can encourage housing options in both new and existing single-family neighborhoods. Some strategies can assist in creating affordable rental options, while maintaining the look of a single-family neighborhood. In newly developing single-family zones, jurisdictions can use zoning tools to encourage a broader range of housing options and affordability.

Missing middle housing can add to the visual appeal of a neighborhood by providing a variety of house and lot sizes and styles. Added density that arises from compact forms of development can also help a community achieve its broader housing, land use, capital facility, environmental and transportation planning goals.

In missing middle zones

Missing middle housing can also be used to bridge the gap between existing single-family zones and more intensive densities, such as high-rise buildings and mixed-use commercial centers. Establishing missing middle zones allows jurisdictions to promote new development that is moderate density, providing a variety of housing styles that capture the "missing" market. However, it is imperative that these zones include regulations that truly promote this type of housing. Parking minimums, open space requirements, and other regulations can inadvertently discourage moderate density housing by driving up land requirements and construction costs. These zones can also provide a transition or "step down" between more intensive development and traditional single-family neighborhoods. Tools in missing middle zones include minimum densities and permitting outright a broader variety of housing types (mixed use development, microunits, townhomes, mobile/manufactured housing and modular housing).

Middle density housing can support neighborhoods that are pleasant to walk in and support varied types of transit infrastructure, including frequent bus service and streetcar.

WHERE SHOULD ADDING MISSING MIDDLE HOUSING BE CONSIDERED?

All communities can benefit from increased housing diversity. Since missing middle housing is often more affordable than other housing types, it should be considered widely in all jurisdictions. As the region continues to grow, accommodating more people in existing single-family areas and creating new zones for missing middle density housing can be effective ways to accommodate growth while providing housing types affordable to more income levels.

Limited development capacity

Communities experiencing growth pressure and a need for more affordable housing but lacking developable land are prime candidates for these measures because they increase the development capacity of existing land. This is particularly important for predominantly single-family neighborhoods close to job centers.

Newly developing communities
Incorporating innovative development approaches into traditional single-family subdivisions can contribute to the visual appeal, character and diversity of a neighborhood, as well as provide options for first-time and lower-income homebuyers.

Single-family markets
Neighborhoods dominated by single-family homes can employ these tools to encourage other forms of housing accessible to a broader range of income levels. These tools can help provide housing options for workers who would not otherwise be able to afford a home in the community close to their jobs.

Empty-nesters and seniors
Jurisdictions looking to address an aging population can consider small-lot, shared common area and accessory dwelling unit strategies as demand increases for smaller and more accessibly located housing options with fewer maintenance requirements. These housing types provide a range of sizes and accessibility levels, making it easier for people to stay in their communities or close to relatives during different stages of life.

Rural lands and sensitive areas
Rural communities and urban areas located near agricultural or resource lands and critical areas can employ techniques to cluster development away from sensitive areas while maintaining appropriate rural development standards to provide additional housing choices.

Expensive housing markets
Rising home prices can increase the exclusivity of single-family neighborhoods, limiting who has access to these areas and the associated services, amenities, and schools. Allowing more housing in single-family neighborhoods, specifically ownership options, provides opportunities for a wider range of residents to live in these neighborhoods and can help to slow displacement.

WHAT DO I NEED TO KNOW TO GET STARTED PLANNING FOR MISSING MIDDLE HOUSING?

Consider the neighborhoods in your community. Are residents satisfied with the housing choices available in your city? Is existing density far below the maximum allowed in any areas? Is there development pressure in a part of the city that is already largely developed? Which neighborhoods in your city would benefit from more housing choices, including affordable options? What are the most appropriate areas to encourage added density in the context of the greater community plan?

Legal requirements
Some housing strategies adaptable to single-family areas are either encouraged or required by state law. Comprehensive plans are encouraged to include “innovative land use management techniques” such as cluster housing and planned unit developments (RCW 36.70A.090). RCW 43.63A.215 requires cities with populations greater than 20,000 to allow accessory dwelling units within their single-family zones. RCW 35A.21.312 requires cities to permit siting of modular housing units in areas zoned residential to promote housing choices. Streamlined or consolidated permitting for projects with multiple permits is required by RCW 36.70B.210. Some developments may have adopted covenants that prevent the use of some housing strategies.

Development regulations
Many of the suggested strategies for encouraging missing middle housing involve amending development regulations. A good place to start is by assessing your jurisdiction's comprehensive plan, zoning code and other regulations. Goals in your comp plan may not be well implemented by current development regulations or may be precluded by restrictive zoning. Look for barriers in regulations that may unintentionally prohibit or discourage denser and more diverse forms of development in the single-family areas you have targeted (e.g., setback, lot area, lot dimension, density, offsite parking, and ownership requirements).

Development climate
It is important to understand the development climate of your community. Speaking with developers and homeowners could help gain insight into where the proposed changes might work, or where and under what conditions they would be willing to create more diverse and denser developments. Combining these tools with incentives like density bonuses or fee waivers for units accessible to moderate- and low-income households may induce builders to incorporate affordable units into their projects.

Community education and outreach
Consult with block and homeowner groups in the neighborhoods where you are considering implementing new regulations. Speaking with affordable housing advocates and potential new residents could help identify strategies that would work best in the community. Community opposition to affordable housing and increased densities in single-family areas is common. Techniques that encourage community acceptance partner well with strategies that preserve or introduce new forms of single-family development. Using educational and outreach efforts when implementing new regulations can enhance community buy-in. Researching community opinion through survey tools, public meetings, stakeholder interviews and focus groups are the initial components of a community outreach plan. Completing a comprehensive outreach and education plan can build support for and acceptance of new housing choices.

Addressing community opposition through community engagement plans can build greater community understanding and support of the regulations and create a smoother, more predictable process. Conflict may present itself at the time of development, rather than when the new regulations are created. If possible, proactively deploying an outreach and education plan before these types of projects begin can help diffuse conflict.

RESOURCES

The Alliance for Housing Solutions: Missing Middle Housing (2020)

Congress for the New Urbanism (CNU): Missing Middle Housing (2020)

Missing Middle Housing: The Types (2020)

MRSC: Encouraging Neighborhood-Friendly, Residential Infill Development (2018)

City of Olympia, WA: Missing Middle Housing (2020)

PSRC: Missing Middle Housing in the Region (2019)

Strong Towns: 5 Ways to Make the Missing Middle Less Missing (2019)

MASTER BUILDERS ASSOCIATION of King and Snohomish Counties

MBAKS Housing Toolkit

Local Planning Measures for Creating More Housing Choices

Prepared by Master Builders Association of King and Snohomish Counties with input from LDC, Inc.

The four-county Puget Sound region (King, Snohomish, Pierce, and Kitsap counties) is expected to add 1.8 million more people by 2050. As our population grows, there must be a clear plan for building new housing that works for current residents while ensuring that the region is affordable for newcomers and future generations.

To meet the strong demand, we need more housing, including the full range of housing types such as condominiums, accessory dwelling units (ADUs) and townhomes, as well as single-family homes.

Regulations and long permit timelines can create significant obstacles for those seeking housing by driving up costs and pushing new homes even further out of reach for many buyers and renters. There are, however, simple steps cities and counties can take today to help ease some of these regulatory burdens and reduce certain cost pressures on new housing without compromising environmental protections or other important policy goals.

This toolkit is intended to serve as a useful guide for local governments, listing specific code updates and process improvements jurisdictions can take to help provide more diverse, more affordable housing for our growing population. All these tools can be adopted locally and do not require state legislative action. Included throughout the toolkit are examples of local jurisdictions already utilizing these tools and model codes, where applicable, that other cities can reference.

Single-family Neighborhoods

Tools promoting Missing Middle Housing Types

Multifamily Neighborhoods

ACKNOWLEDGEMENTS

MBAKS would like to thank Clay White and Matt Covert with LDC, Inc. for their assistance, comments, and insights in preparing this report.

ABOUT MBAKS

Founded in 1909 and headquartered in Bellevue, Washington, the Master Builders Association of King and Snohomish Counties (MBAKS) is the nation's oldest and largest local homebuilders association. Like our founders, our members continue to take a leading role in all facets of homebuilding and support the planning for a growing region. From new technology to advances in sustainability, from collaborative public policy efforts to investing in our communities, our commitment to a thriving, inclusive, and well-planned region never wavers. We are the professional homebuilders, architects, remodelers, tradespeople (carpenters, framers, roofers, plumbers, electricians), planners and engineers, suppliers, manufacturers, and sales and marketing professionals in your community who believe everyone deserves access to a healthy and productive place to call home.

Note: *Several of the items listed below are also included as options for increasing housing capacity and affordability in Rep. Joe Fitzgibbon's bill, HB 1923, adopted in 2019. Those items are indicated with a "*".*

Cover: 602 Flats is located in Seattle. This project by BUILD LLC includes four flats built on a 2,600 square-foot corner lot. Photo: Andrew van Leeuwen.

TABLE OF CONTENTS

Single-family homes are among the many housing types found at Issaquah Highlands. Establishing higher densities enables these neighborhoods to accommodate more residents.

OPTIMIZING RESIDENTIAL DENSITIES

The following tools are designed to optimize residential densities in single-family neighborhoods inside urban growth areas. To the extent that cities and counties can create more housing choices in these neighborhoods, they will be better positioned as our region grows. Many local jurisdictions already have a significant portion of their residential neighborhoods zoned for single family. These tools are designed to ensure single-family neighborhoods are more equitable and are being used as efficiently as possible to accommodate new residents near jobs, schools, parks, transit, and other amenities.

Establish a minimum net density of six Dwelling Units (DU)/acre in all residential zones*

Local governments could establish a minimum density of six homes per acre in all residential zones. Establishing a minimum net urban density standard would encourage more density and housing supply in the areas where it's needed most, near job centers. This is a key step toward creating a healthy, sustainable balance between housing supply and demand. It would also help cities meet the Growth Management Act (GMA) goal of creating new housing near employment centers while helping the environment by reducing vehicle miles traveled.

RESOURCES:

- City of Index
- City of Snohomish
- City of Tukwila

Allow cluster zoning in single-family zones*

Cluster zoning is a development option that provides density bonuses in exchange for public amenities such as open space. A cluster subdivision will typically include several houses grouped together on a tract of land next to undeveloped land held for the common enjoyment of neighboring residents or the community at large. Grouping homes together in this manner can lower the cost of housing by making more efficient use of the land and reducing the initial investment in streets and utility lines needed to service these communities.

Communities that choose to allow cluster zoning should also make sure that the tool is easy to find in code and straightforward to implement.

RESOURCES:

- Carnation (15.48.070)
- Everett (18.28.210)
- Lake Stevens (14.48.070)
- Seattle (23.44.024)
- Bothell (12.30.070)

Lot size averaging*

Lot size averaging is an innovative development technique that puts buildable land to more efficient use by allowing smaller lots on constrained sites while complying with the underlying zoning. Specifically, this technique encourages a more efficient use of land for subdivision and short subdivision development. The size of individual lots within a subdivision or short subdivision using lot size averaging can be less than the required minimum lot size, provided that the development density achieved is not greater than the gross site area divided by the underlying zone. The flexibility allowed by lot size averaging can be useful for developing single- family housing on unusually shaped parcels or on properties constrained by critical areas. It will also ensure that the densities anticipated in code can be met. Smaller lot sizes may also provide more affordable housing opportunities.

Communities that choose to allow lot size averaging should also make sure that the tool is easy to find in code and straightforward to implement.

RESOURCES:

- Burien (19.15.005)
- Carnation (Chapter 15.48)
- Redmond (20C.30.25-050)
- Snohomish County (30.23.210)
- Sultan (19.44)
- Mark Villwock/LDC Inc. slides

Adopt form-based code*

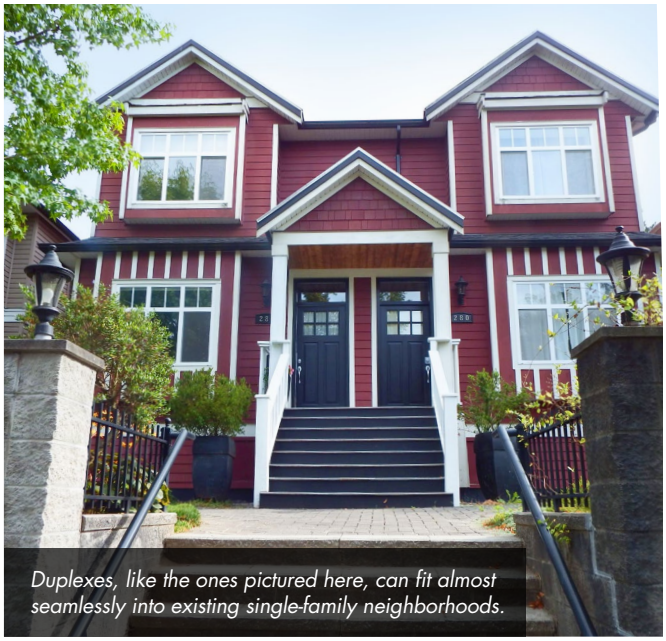
"Form-based code" means a package of land use regulations that use physical form, rather than separation of use, as the organizing principle for the code. These land use regulations are adopted into city or county code and represent an innovative alternative to conventional zoning regulation. Form-based codes are linked to a plan that designates the appropriate form and scale of development, as well as the appearance and placement of buildings and their connection to the street, rather than only distinctions in land use types.

Form-based codes can be beneficial because they enable local governments to eliminate restrictive zoning, while providing the regulatory means to achieve development objectives, such as compact, pedestrian-friendly walkable neighborhoods, with greater certainty. Form-based codes can be adopted as a new zoning district or as an overlay district.

RESOURCES:

See also Subarea Planning/Programmatic EIS (p. 13)

- Bothell's Downtown Subarea Plan
  - Website
  - Code and Regulations (separate documents)
- Clark County Highway 99 Subarea Hybrid Code
  - Website
  - Village Center Code—very permissive on use, detailed form/design regulations
  - Woodland District—hybrid code; Urban Neighborhood 1—Woodland Square is form-based
- City of Shoreline—Mixed Residential Zoning/Subarea Planning
  - Subarea Planning Website
  - Mixed Residential Zones description
  - Code Section—see Table 20.50.020(2)



Duplexes, like the ones pictured here, can fit almost seamlessly into existing single-family neighborhoods.

Allow a duplex on each corner lot within all single-family zones*

Allowing a duplex on each corner lot within all single-family zones is a simple and modest way to add housing capacity, and more affordable housing choices, in desirable areas. Because they can be built with wood frames, duplexes are significantly less costly to construct than taller concrete or steel apartment and condo structures. Additionally, they can fit almost seamlessly within existing single-family neighborhoods, compared to a three-or four-story apartment building. When updating codes to allow duplexes on corner lots, density allowances should be adjusted to account for additional duplex units.

RESOURCES:

- Snohomish County (duplexes are permitted use in all single-family zones)
- Sammamish

Allow duplexes, triplexes, and fourplexes in areas zoned for single-family residences.*

Many people who want to live in our cities are finding it harder and harder to find a home that fits their lives and budget. Allowing more home choices, such as duplexes and triplexes, in addition to single-detached homes, would create more housing choices for Washington families in neighborhoods close to jobs, transit, schools, parks, and other amenities. Duplexes, triplexes, and fourplexes are more affordable than detached, single-dwelling houses because land costs, which account for a significant portion of a home's value, can be shared across several households.

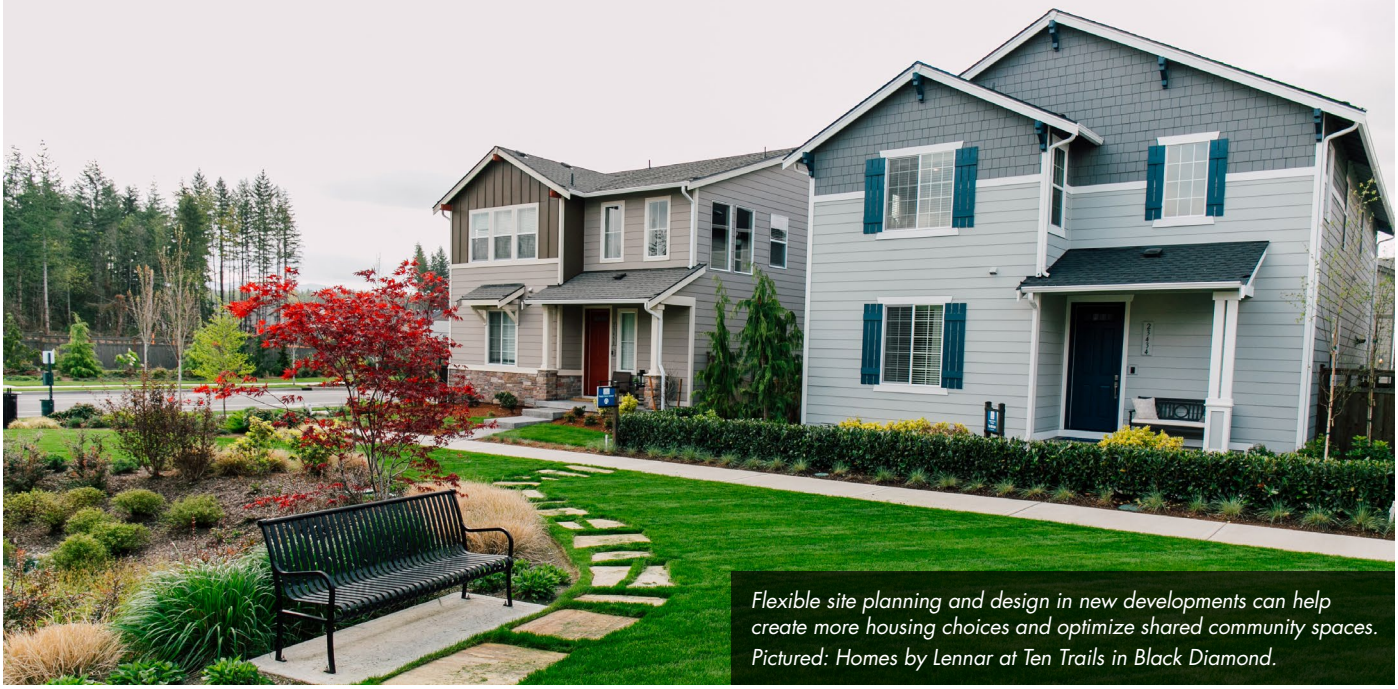
To facilitate this change, the density allowance should be adjusted to account for the additional units. An exception could be made when a city documents a specific physical constraint that would make this requirement infeasible on a parcel.

RESOURCES:

- City of Lake Stevens Infill and Redevelopment Code
- City of Olympia Housing Code Amendments
- State of Oregon House Bill 2001
- Why Minneapolis Just Made Zoning History: CityLab, Dec. 7, 2018
- Minneapolis 2040
- Minneapolis Missing Middle Housing Pilot Program
- Sightline Institute Missing Middle Housing Photo Library | Flickr

Families have been calling this triplex in Seattle's Central Area home for many decades. "Plexes" like this are no longer allowed to be built in most single-family neighborhoods.

Photo courtesy Sightline Institute Modest Middle Homes Library, CC by 4.0



Flexible site planning and design in new developments can help create more housing choices and optimize shared community spaces. Pictured: Homes by Lennar at Ten Trails in Black Diamond.

FLEXIBILITY IN SITE PLANNING AND DESIGN

The following tools are intended to create more flexibility in site planning and design. Like the previous section, these tools can help cities and counties optimize residential densities in single-family neighborhoods inside urban growth areas. What can be built and how it can be laid out on a site is governed by an array of local development regulations. How these regulations work together determines how much of a site can be utilized for housing and whether density goals can be met. By increasing flexibility in site planning and design, cities and counties can improve their ability to provide more housing choices and help ease cost pressures on new housing.

Reduced building setback requirements

A setback is the minimum distance which a building or other structure must be set back from a street or road. In housing developments, setbacks are often required along front, rear, and side property lines. Local governments create setbacks through ordinances, zoning restrictions, and building codes.

Larger setbacks can lower the density of a given neighborhood, creating an added cost pressure on these homes. They are also a less efficient use of our region's limited land supply.

Reducing building setbacks is often used in tandem with lot size averaging or clustering of homes. Lot sizes are reduced to ensure zoned densities may be achieved and open space is focused on common open space areas.

RESOURCES:

- Lake Stevens PRD code
- Oak Harbor PRD code
- Marysville PRD code

Reduced street widths

Many communities have adopted roadway and parking standards, which can act as a barrier to new development. This includes the requirement for public roads within single-family and townhome developments where proposed roads are not connecting two arterials. Alternative road and parking designs that include reduced street widths could help lower costs of new housing, because there is less pavement to construct.

There is also a significant environmental benefit as less impervious surfaces are created within the project site. Lastly, the allowance for private roads eases the requirements of the city or county to maintain infrastructure that can be maintained privately through Covenants, Conditions & Restrictions (CC&Rs) and homeowners' associations.

All roads, whether public or private, are always required to meet fire code requirements. In some cases, reduced street widths may allow higher site densities. Importantly, this can also help lower the cost of new housing by creating more efficient use of our limited land. Alternative designs featuring reduced street widths can provide safe access for cars and pedestrians, and offer sufficient parking, in addition to environmental benefits, such as creating less impervious surfaces.

Street standards with reduced widths can allow more flexibility in lot fit, which can result in one or more additional lots in a development over what would be possible with wider streets. The ability to use private streets where appropriate can also provide flexibility in site design.

RESOURCES:

- Marysville's PRD street width/standard detail
  - Code
  - Engineering Standards (Ch. 3, pp. 48–49, Standard Details 3-218-001 and 3-218-002)
  - Snohomish County Townhouse Code (Chapter 30.31E)

Reduced on-street parking (single-family areas)

Finding ways to reduce street widths in single-family developments can also be linked with limiting the oversupply of parking in single-family areas. Reducing the requirements for on-street parking in denser residential zones, whether using private streets or narrow-section public streets, can cut down on overprovision of parking while potentially creating more space within a development to add much-needed density (especially when combined with more flexible lot sizes as described under lot size averaging and cluster subdivisions above). If single-family developments provide two-car garages along with driveways for each unit, for example, reduced street widths by way of reducing or eliminating on-street parking requirements can help provide more land for lots/units while avoiding an oversupply of parking.

Where significant on-street parking is required as part of a code, consider allowing flexibility to those requirements where a parking study is provided that highlights why reduced parking for that project will work. Since every site is different, providing some flexibility will ensure sites are not overparked even when less parking is necessary for the project.

RESOURCES:

- Marysville's PRD code and street standards (see above)

Ten Trails master planned community offers a variety of housing types, including townhomes, duplexes, and single-family detached homes. Pictured: Homes by Lennar at Ten Trails in Black Diamond.

INCREASE HOUSING CAPACITY NEAR TRANSIT AND JOBS

The following tools are designed to increase housing capacity near transit and jobs and can help cities meet a variety of important goals. Housing located near transit reduces our reliance on cars, reducing traffic congestion and greenhouse gas emissions and creating more sustainable communities. It also supports walkable neighborhoods and improves access to transit and jobs. Increased housing capacity near transit and jobs also helps to accommodate growth by enabling higher-density housing in the very places where the Growth Management Act intends for our region to grow inside our urban areas. Doing so successfully helps protect forests and farmland.

The Sonata Apartment Community by BDR Urban LLC is in Seattle's Columbia City neighborhood adjacent to light rail. Photo: Heiser Media

Reduced or no parking requirements (near transit)

Local governments can choose to eliminate off-street parking requirements for developments near transit or frequent bus service, or where transit or frequent bus services are planned. Parking requirements add to the cost of housing by increasing the land area required or the need for structured parking, both of which are very significant expenses. With each stall in a parking garage costing tens-of-thousands of dollars to build, parking requirements can impose significant costs on new housing, directly increasing the cost of housing for both renters and owners. These requirements end up forcing people who buy or rent housing to pay for parking regardless of their actual needs.

In many cases, minimum parking requirements also go beyond what is necessary to ensure that residents have adequate parking and may encourage higher rates of car ownership and driving, which not only increase congestion and pollution, but ignores the benefits of living near high capacity transit or frequent bus service. In addition, one-size-fits-all parking requirements can lead to excess land dedicated to parking that might otherwise be used for housing. Where parking standards are reduced or eliminated, areas typically devoted to parking stalls can be utilized for housing, providing more housing choices and benefiting the environment.

RESOURCES:

- King County—Right Size Parking Program Website
- Seattle—Off-Street Parking Requirements, amended 2019
- American Planning Association—"People Over Parking", October 2018 edition of Planning magazine

CONSIDERATIONS FOR COMPREHENSIVE PLANNING

Under the state Growth Management Act, every city and county must have a comprehensive plan in place, guiding housing and land use in that community, as well as local government decisions on transportation, parks, capital facilities and the natural environment.

King, Snohomish, and Pierce counties must complete their comprehensive plan update every eight years. The next deadline for comp plan updates is June 30, 2024. The 2024 update will plan for the next 20 years of population and employment growth through the year 2044.

The Housing Element of this plan establishes each local government's visions for housing development, preservation, and new construction over the next 20 years. Housing Elements rely on policy and land use tools to establish a work plan to address a community's housing needs.

As comprehensive plan updates move forward, cities and counties should look to this toolkit as a resource for specific measures—development regulations and best practices—to help implement broader planning goals around housing. In general, comp plans are an opportunity to adjust planning efforts to account for the latest population and job growth projections. With this comes an obligation to ensure cities and counties are planning appropriately to meet current and future housing needs in their communities.

Local jurisdictions should review their planning goals and ensure they have the right policies in place to facilitate these goals. Comprehensive plan updates are a good time to make sure planning goals related to housing translate into needed actions on the ground. Now is the time for local governments to review implementation and make sure they have sound housing policies in place that support their comprehensive planning goals.

Sonata Apartment homes at Columbia Station by BDR Urban LLC, just steps away from light rail. Photo: Heiser Media

Allow low-rise zoning/higher density within proximity to frequent transit*

Another tool for increasing density near transit is to provide infill housing at higher densities in transit-served areas. Allowing land by transit to be developed at higher densities would enable more people to live within easy walking distance of transit, helping to maximize its use. It would also encourage more equitable, sustainable, and less expensive housing exactly where it makes the most sense.

RESOURCES:

- City of Seattle LR Zoning

Transit-Oriented Development (TOD)/Employer Oriented Development (EOD)—Proactively planning for increased housing capacity around major transit and employment hubs

At its core, transit-oriented development (TOD) is designed to better connect higher density housing options and jobs to planned transit stations or transit corridors. TOD involves a mix of uses allowing residents to commute to work and take advantage of a variety of amenities without needing a car.

"Employer-oriented development" (EOD) is a similar concept that refers to increasing zoning to allow more homes near employment centers. Some major job centers simply do not have mass transit nearby and are also surrounded by low-density, single-family zoning. Allowing more people to live near work both enriches their lives by shortening commutes and relieves government from the financial burden of paying for commuters.

Examples of high job areas with single-family zoning nearby include the University of Washington, the Washington State Capitol Campus, and Google's campus in Kirkland.

RESOURCES:

- Transit-Oriented Development, MRSC
- City of Shoreline Light Rail Station Subarea Planning
- Lynnwood Link officially breaks ground: Englehardt, Bruce—Seattle Transit Blog, September 4, 2019
- Mountlake Terrace Town Center Subarea Plan
- Large Residential Projects Approved by Lynnwood and Mountlake Terrace: Englehardt, Bruce—Seattle Transit Blog, June 4, 2018
- Bellevue takes steps toward transit oriented development—Pappas, Evan—The Bellevue Reporter, July 22, 2019
- Redmond Waits for Light Rail: Giordano, Lizz—Seattle Transit Blog, February 5, 2018
- City of Redmond—Marymoor Village
- Lynnwood plans for a new light-rail-linked urban village, Thompson, Joseph—HeraldNet, November 23, 2019
- Mountlake Terrace envisions a dense, walkable Town Center: Giordana, Lizz—HeraldNet, October 28, 2019

ALLOW A VARIETY AND MIX OF HOUSING TYPES AND INNOVATION

The following tools will help cities and counties provide more housing choices for residents and support a more affordable future for our communities. Allowing more housing types, such as accessory dwelling units, town homes, and microhousing, would create more home choices for Washington families in neighborhoods close to jobs, transit, schools, parks, and other amenities.

Accessory Dwelling Unit (ADU) code changes*

Cities could adopt an Accessory Dwelling Unit (ADU) code to enable more ADUs as a housing option. Key features of an ADU code would be to 1) allow up to two ADUs on a single-family lot; 2) Allow ADUs up to 1,250 square feet, regardless of primary dwelling unit size or lot size; 3) No owner-occupancy requirements; and 4) No parking requirements. DUs (both attached and detached) are a sought-after housing choice and offer significant community benefits. ADUs make it easier for younger buyers to qualify for their first home, enable seniors to age in place, and expand options for multigenerational living. ADUs also give homeowners a way to earn rental income. Furthermore, by offering an affordable housing choice in cities, ADUs are critical tools for accommodating growth in the very places where it makes sense—near job centers and existing infrastructure. ADUs are also an environmentally friendly housing option, given their small size and the fact that residents tend to drive less, resulting in lower carbon emissions. Enabling ADUs would help to increase housing choices in the very places where many families want to live and would benefit communities by adding much-needed, affordable housing options.

RESOURCES:

- Seattle Ord 125854
- Seattle ADUniverse Guidance for Homeowners
- Burien Ord No. 724 memo
- City of Everett Amendment of Municipal Code for Rethink Zoning
- Kenmore ADU Ordinance Amendment
- Burien Encourages Accessory Dwelling Units in New Reform: Fesler, Stephen—The Urbanist, December 5, 2019
- Accessory Dwelling Unit Ordinances (includes model code): Master Builders Association of King and Snohomish Counties, Updated January 2020
- The ABCs of ADUs: A guide to Accessory Dwelling Units and how they expand housing options for people of all ages—AARP
- Why Mother-In-Laws Matter: Fahey, Anna and Margaret Morales - Sightline Institute, January 16, 2020
- Housing Choices for Everyone: Backyard Cottages—Master Builders Association of King and Snohomish Counties, video posted June 11, 2019

Accessory Dwelling Units (ADUs) can be attached or detached, like the one shown here, and offer significant community benefits.

The Roost is a co-living community designed and developed by Neiman Taber Architects.
Photo: Alex Hart Photography

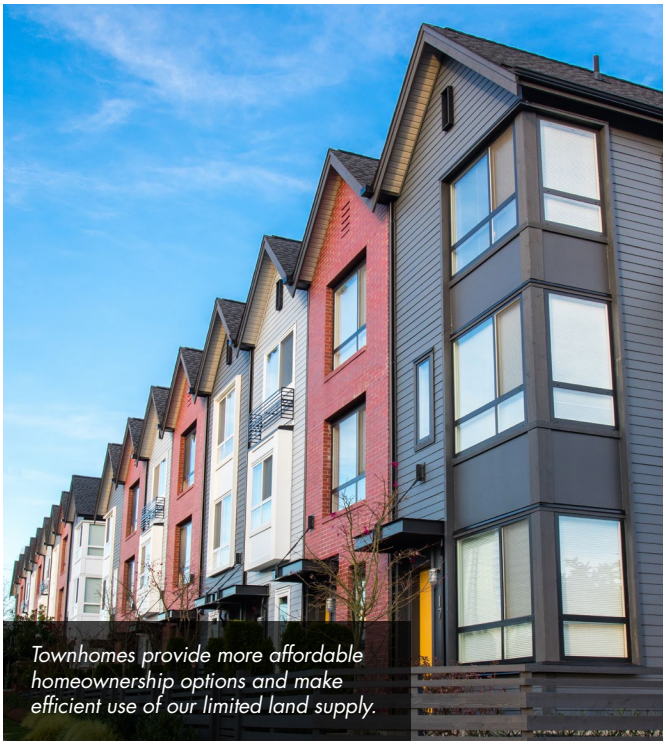
Enable microhousing

Microhousing can fill an important need for residents who do not want, or cannot afford, a larger apartment. Microunits are small living spaces that are typically less than 350 square feet, with a fully functioning kitchen and bathroom. They offer an innovative solution to urban housing affordability. This housing choice provides increased access to desirable neighborhoods and offers renters another option that may better fit their needs.

The Roost, by Neiman Taber Architects, features 33 microhousing units like the one pictured here, and was designed with a focus on affordability, livability, community, support for the Arts and sustainability.
Photo: Alex Hart Photography

RESOURCES:

- King County microhousing demonstration project ordinance
- Micro-Units: Another Tool in your Affordable Housing Toolbelt: Bollard, Sarah—MRSC Insight blog, December 12, 2019
- Sightline Institute article by David Neiman describing history of microhousing regulation in the city of Seattle
- Bisnow article by Shawna De La Rosa, Are City Regulations Squeezing Microhousing?
- Housing Choices for Everyone: Microhousing—Master Builders Association of King and Snohomish Counties, video posted September 18, 2019



Townhomes provide more affordable homeownership options and make efficient use of our limited land supply.

Fee simple townhomes

To help create more affordable homeownership options that make efficient use of our limited land supply, local governments could adopt "fee simple" townhouse code, allowing for fee simple, unit lot subdivision of attached homes. In short, fee simple is an ownership style. With condos, you own the space within the unit. With fee simple, you own the lot on which the home sits, much like most detached single-family neighborhoods. These homes, which are typically townhomes, look exactly the same as homes created as condos.

The primary benefit of fee simple is that this ownership type makes it easier for buyers and builders alike to obtain financing from banks and acquire insurance. Adopting a unit lot subdivision code would remove a hurdle to homeownership and provide better access to townhomes, which are a more affordable and popular housing type. This change would also improve the ability of owners to refinance and sell their homes, allowing more families to enjoy the benefits of ownership. Townhomes make efficient use of scarce land and help us meet Growth Management Act (GMA) planning goals. The change would also help enable what has become a very popular housing choice.

Some key components of fee simple:

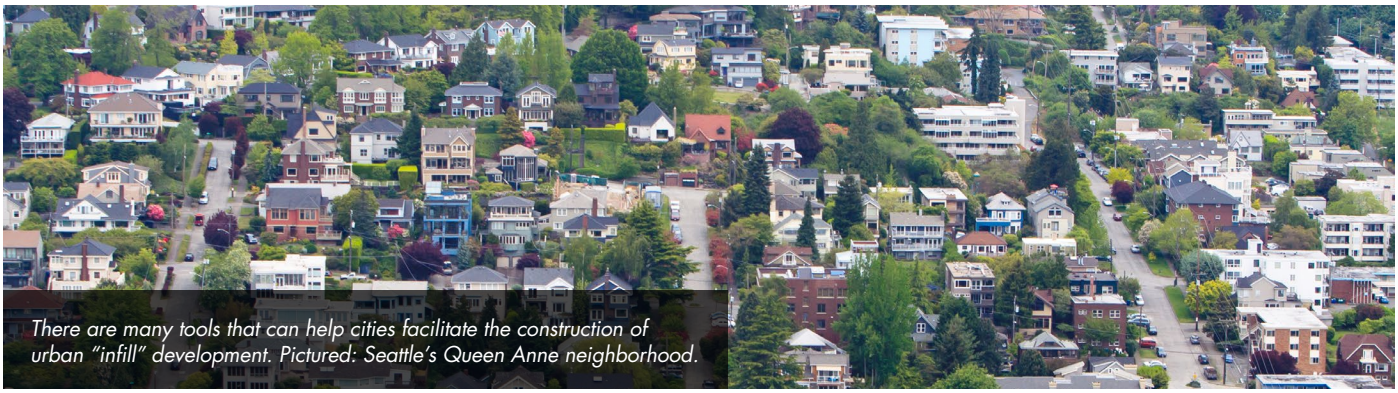
- Submit under commercial code
- Allow drive aisle or internal driveway
- Covenants, Conditions & Restrictions (C&Rs) in lieu of Homeowners Association
- Zero lot line law in Seattle
- Serves both entry level and retirees

RESOURCES:

- Lynnwood—LMC 19.40
  - Code
  - Depending on underlying zoning, can be processed as short/long plats or as binding site plans
- Snohomish County
  - SCC 30.41A.205—Design Standards—unit lot subdivision
  - Townhouse code
  - Zero lot line development definition
  - Single-family attached definition
  - Townhouse dwelling definition
- Everett—EMC 19.15A
  - Code
- Lake Stevens Unit Lot Subdivision Code for townhomes
- Mountlake Terrace—MTMC 17.09
  - Code
- City of Bothell (New Detached Condominium or Townhomes Building Permit Checklist)
- City of Enumclaw
- City of Kirkland
- City of North Bend
- City of Redmond
- City of Seattle
- City of Shoreline
- City of Tukwila
- MBAKS fee simple slide presentation

SEPA-RELATED AND PLANNING TOOLS

There are a variety of planning tools related to the State Environmental Policy Act (SEPA) cities and counties could adopt to facilitate the construction of "infill" housing inside urban growth areas. Many of these tools would alleviate some of the redundancies and time delays encountered by developers seeking to build more infill housing. At the same time, these planning tools can be implemented without compromising important environmental protections. Most environmental issues that SEPA was intended to address are already mitigated by requirements to comply with existing local code, state, and federal regulations. Importantly, local governments can adopt these tools while still providing protection of the environment and strong public participation during the permitting process.



There are many tools that can help cities facilitate the construction of urban "infill" development. Pictured: Seattle's Queen Anne neighborhood.

Raise short plat thresholds to nine

Currently, under state law (RCW 58.17.020(6)), short subdivisions are defined as including four or fewer lots, but local jurisdictions have the option to include up to nine lots in urban growth areas. Despite this authority, many cities in the Puget Sound region still require a formal subdivision for projects between five to nine lots. This can cost months of time and tens of thousands of dollars for small infill developments, which are important as we continue to grow in the region.

RESOURCES:

- City of Arlington (20.16.360)
- City of Auburn (17.09.010)
- City of Bellevue (20.50.046) see Subdivision, Short
- City of Covington
- City of Des Moines
- City of Everett (15.20.220)
- City of Federal Way
- City of Kenmore
- City of Kirkland (KZC 22.20)
- City of Lake Stevens (14.18.010)
- City of Lynnwood (Chapter 19.50)
- City of Maple Valley
- City of Marysville (22G.090.310)
- City of Monroe
- City of Mountlake Terrance
- City of Newcastle
- City of North Bend
- City of Redmond
  - (RMC 20F.40.150-40)
  - City of Redmond Short Plat Checklist
- City of Renton (4-7-070)
- City of Sammamish
  - (SMC Chapter 19A.12)
  - City of Sammamish Short Subdivision Process and Fees
- City of SeaTac
- City of Seattle
- City of Shoreline (20.20.046), see Subdivisions, Short
- City of Stanwood
- City of Sultan
- City of Tukwila
- Snohomish County (30.91S.280)

Raise SEPA exemption thresholds for minor new construction projects

The Department of Ecology updated State Environmental Policy Act (SEPA) rules in 2012 in response to legislative direction to allow for higher flexible thresholds. Local jurisdictions could adopt the highest level of flexible thresholds allowed by WAC 197-11-800 (up to 30 for single family and 60 for multifamily construction) for minor new construction. This would increase the SEPA categorical exemptions for minor new construction to the State maximum allowed, specifically for those projects located within the Urban Growth Area (UGA).

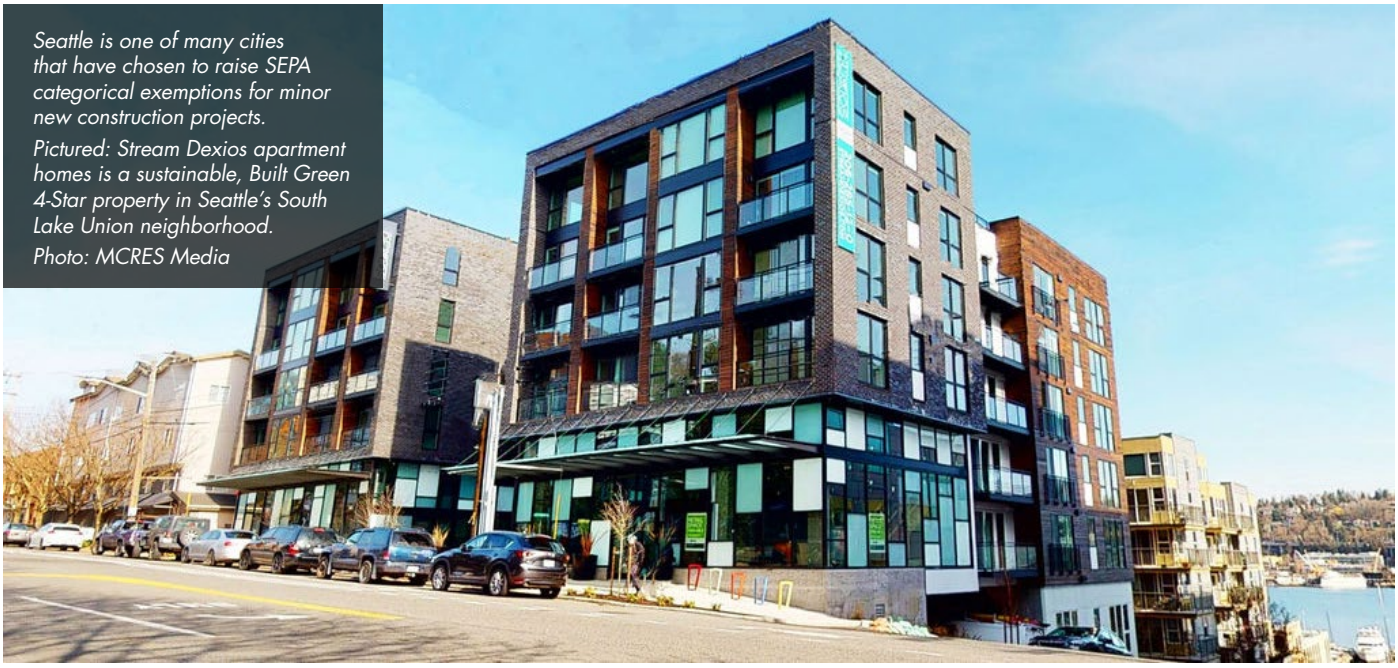
Many jurisdictions fully planning under the Growth Management Act (GMA) are choosing to raise the exempt levels up to the maximum specified in WAC 197-11-800(1)(d) in order to encourage development in UGAs and streamline permit processes. Most environmental issues that SEPA was intended to address are already mitigated by local code, state, and federal regulations. Increases to exemption levels would significantly reduce the duplication and administrative costs of environmental review while still providing protection of the environment and strong public participation during the permitting process.

RESOURCES:

Among the jurisdictions that have adopted SEPA exemption thresholds above the minimum required by WAC 197-11-800 are the following:

- Des Moines
- Everett
- Kent
- Kirkland
- Lynnwood
- Marysville
- Mountlake Terrace
- Mukilteo
- Seattle (uses SEPA threshold exemption in five urban centers and villages and in Downtown)
- Shoreline
- Snohomish County (maximum for multifamily within a UGA, not at the maximum for single-family)
- Redmond
- City of Snohomish

Many cities are choosing to raise SEPA exemption levels to encourage development in urban areas and streamline permit processes. Pictured: mixed-use project in Kirkland.



Seattle is one of many cities that have chosen to raise SEPA categorical exemptions for minor new construction projects.

Pictured: Stream Dexios apartment homes is a sustainable, Built Green 4-Star property in Seattle's South Lake Union neighborhood.

Photo: MCRES Media

Subarea planning/programmatic EIS*

Local jurisdictions could use the planned action ordinance provisions under RCW 43.21C.420. This is a tool of the State Environmental Policy Act (SEPA) that allows upfront SEPA review in order to facilitate environmental review of subsequent individual development projects. Local governments can assess environmental impacts within a defined sub-area and reduce a layer of regulation for developments proposed within the area that meet the planned uses. SEPA also allows a categorical exemption from SEPA review for "infill" development proposed in an urban growth area, consistent with a GMA comprehensive plan.

RESOURCES:

- Lynnwood City Center Planned Action EIS (2004-2012)
  - Ordinance
  - Final EIS
- Bothell Downtown Planned Action (2008-2009)
  - Website
  - Ordinance
  - Final EIS
- Shoreline 185th St Station Subarea Plan (2015)
  - Website
  - Ordinance
  - Final EIS

SEPA Exemptions for Infill Development

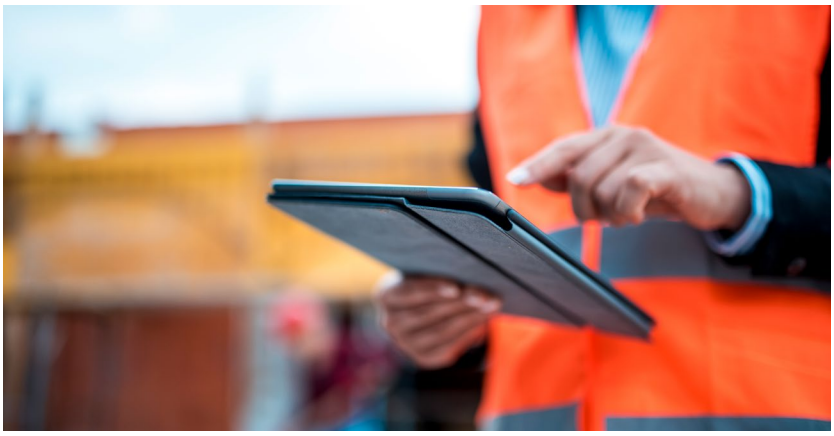
Under legislation that went into effect June 11, 2020, HB 2673, cities now have a local option to grant SEPA exemptions for residential, mixed-use and commercial development up to 65,000 square feet where current density or intensity of use in the area is roughly equal to or lower than projections in a local government's Growth Management Act comprehensive plan. This is an important tool allowing flexibility with local options for jurisdictions who want to plan for growth. Adopting SEPA exemptions in this way would alleviate some of the redundancies and time delays encountered by developers, which often acts as a barrier in efforts to build more infill housing inside urban growth areas. Jurisdictions conduct significant environmental review and public outreach in the comprehensive plan update. SEPA exemptions for infill development avoids doing the same work twice.

PERMIT EFFICIENCIES AND PROCESS IMPROVEMENTS

Cities and counties looking for ways to improve the climate for housing and to make housing less expensive should consider ways to streamline the permit process so that it's more efficient and predictable. To the extent that permit timelines can be reduced and more predictable to project applicants, these improvements can go a long way toward alleviating a significant cost pressure on new housing.

Administrative approval of final plats

In 2017, Governor Jay Inslee signed into law legislation providing a local option to allow administrative approval of the final plat process on long subdivisions—that is, the division of land into multiple lots. Specifically, the law allows local jurisdictions to change the final plat approval process for subdivisions to one that is administrative. This means local governments can delegate final plat approval to planning directors or other designated officials. Administrative approval of final plats can save weeks and even months of delay in getting on council agendas for final approval, bringing greater efficiency to the permit process, and reducing an unnecessary cost pressure on housing.



RESOURCES:

- City of Auburn
- City of Bothell
- City of Covington
- City of Everett
- City of Kent
- City of Lake Stevens 14.18.035
- City of Lynnwood
- City of Maple Valley
- City of Marysville
- City of Mill Creek
- City of Mountlake Terrace
- City of Renton
- City of Shoreline
- City of Snohomish
- City of Stanwood
- City of Sultan
- King County
- Snohomish County

LESSONS LEARNED FROM COVID-19 PANDEMIC

In the wake of the COVID-19 pandemic, it became clear some jurisdictions were better prepared than others to keep permitting and other planning processes on track during the crisis when strict physical distancing measures were suddenly put in place. For example, cities that had already adopted online permitting prior to COVID-19 were better able to continue delivering on their permitting functions during the Governor's Stay Home, Stay Safe order.

There are other constructive steps local governments can take now to be better prepared for future emergencies, and many are tools and best practices that are already featured in this toolkit. These steps are designed to help jurisdictions continue operating during such times, or to recover from these episodes more quickly.

- Adopt permit extensions, either by ordinance or administratively, so permit holders can more easily pick up where they left off when work is interrupted without having the restart the process.
- Adopt procedures that enable housing to continue during social distancing, such as video inspections and planners working from home.
- Hire pro tem hearing examiners and third-party inspectors to work through building backlogs.
- Allow vesting of building permits.
- Allow for building permit applications to be submitted for review at preliminary plat approval, so construction can commence at approval of final plat.
- Adopt administrative approval for final plats.
- Suspend design review or allow development projects that would normally move through the Full Design Review process to move through Administrative Design Review.

Completeness review within 10 days vs. current 28+ days

Under the Local Project Review Act (RCW 36.70B) local governments have 28 days to perform a procedural completeness review and 14 days for a re-review before beginning a substantive review of a permit application. This process can add weeks, if not months, to a permit application timeline without adding any corresponding value. However, cities and counties have the option to reduce timelines associated with completeness review. Local governments could modify code to shorten the 28-day completeness review to 10 days or fewer when accepting applications online and eliminating the 28-day completeness requirement when requiring a submittal appointment. Where an appointment is required, the procedural completeness determination could be made during the submittal appointment. If an application is procedurally incomplete, it would not be accepted by the city or county. The 14-day re-review timeline could be reduced to five days or fewer.

Many cities and counties already make the completeness determination at submittal in practice, but others don't. Shortening completeness review would not only save time during the permit process, it would also save jurisdictions resources by not having to generate letters stating an application is incomplete or complete. It would improve the climate for housing by streamlining an expensive and unnecessary step in the permit process, thereby alleviating a significant cost pressure on new housing. It would also make the permit process more predictable.

Model Home Permits

Local governments could amend their zoning code to provide more flexibility in the number of model homes allowed to be constructed in approved preliminary subdivisions. This would enable developers to display a wider variety of housing styles. For example, In the city of Lake Stevens, for short plats consisting of a subdivision of nine or fewer lots, the city allows a maximum of two model home building permits or 20% of the total number of single-family residences proposed, whichever is less.

These traditional row-house style townhomes at 1200 Bellevue Way are just blocks from the city's downtown core.

For all other subdivisions, the maximum number of model home permits allowed is six or 20% of the total number of single-family residences planned for the development, whichever is less. The city of Monroe allows up to seven model homes or 20% of the total number of single-family residences planned for the development. Snohomish County and the city of Marysville allow up to nine model home lots.

RESOURCES:

- City of Lake Stevens Model Homes code 14.44.025
- City of Marysville Model Homes code 22C.010.070 (30)
- City of Monroe Model Homes code 22.68.050
- Snohomish County model home permit code 30.41A.520
- Snohomish County Ordinance 04-017

Concurrent review of preliminary plat and civil plans

A city could allow for civil engineering plans to be reviewed at the same time as the preliminary plat application, with the applicant assuming risk. Allowing this as an option could save up to a year on the permit process and ensure houses get to market faster.

RESOURCES:

- City of Auburn
- City of Bellevue
- City of Lake Stevens
- City of Redmond (pilot program)
- Snohomish County

Online permitting and tracking

Providing online permitting and tracking creates a much more efficient and streamlined process for applicants by saving them unnecessary trips to the permit counter and enabling them to follow the progress on their permit reviews. Furthermore, online permitting proved to be an invaluable tool during the COVID-19 pandemic when strict physical distancing measures were in place. To be successful, a human element must be part of any online permit process so applicants can access the permit review team as questions and individual issues arise.

RESOURCES:

- MyBuildingPermit

Video Inspections

During the COVID-19 pandemic, local governments have employed various approaches to help facilitate permits and the development review process amid physical distancing requirements. One such tool is video inspections. Video inspections enable cities and counties to remotely inspect development and construction sites by having the project manager use a smartphone app, such as Skype or Facetime, to display sites for inspectors. This innovative approach enables local jurisdictions to continue operating their inspection function during the crisis. Furthermore, video inspections have great potential to continue to support a more efficient inspection process long after social distancing has ended and should be made permanent.

RESOURCES:

- City of Everett Remote Video Inspection Instructions
- City of Seattle SDCI Guide to Video Inspections

Commit to meeting or exceeding established review timelines

Under RCW 36.70B.080, cities and counties planning under the GMA must establish and implement time periods with timely and predictable procedures. The time period for action by a jurisdiction for each type of permit should not exceed 120 days unless the jurisdictions makes written findings that additional time is needed.

In practice, government decisions on permit applications often exceed this timeline for reasons ranging from inadequate staffing, to complex codes with complicated standards that are sometimes at cross purposes with each other. A commitment to meeting or exceeding the review timelines established in code (or the 120-day state backstop) is important to ensure housing can be brought to market. There is an enormous amount of cost associated with having unpredictable review timelines. The section below outlines tools available to ensure permit timelines are met.

Ensure needed capacity for reviews by maintaining appropriate staffing levels and providing training

Maintaining proper staffing levels in planning departments is key to ensuring timely permit processing. Furthermore, regular training of planning staff is critical for maintaining consistency of application of the rules as staffing changes occur. Knowing how the rules are going to be interpreted and applied from project to project helps to create much-needed predictability for permit applicants.

Pursuant to RCW 82.02.020, cities and counties can fully recover the costs of processing permit applications. The development community is oftentimes open to fees covering staffing costs as long as predictable and timely service can be provided. Local governments can reach out to MBAKS and other stakeholders if permit fees are a barrier to providing predictable and timely service.

Cities and counties could also use on-call services. Having people in place in advance of permit volume increases or staffing level changes is a great way to make sure planning departments don't fall behind. To facilitate this, local governments could include budget dollars for outside services each year to ensure resources are available to planning departments during times of high permit volumes.

Lastly, many permits are now reviewed by multiple departments, including planning, traffic, engineering, and fire to name a few. Maintaining an efficient permit process requires that internal review processes be well coordinated. We often see project reviews that are held up for weeks or months because one of the reviewing departments is far behind. Keeping on top of this issue will cut down on the amount of time needed to review an application.

Eliminate design review

Cities looking to adopt solutions that address rising housing costs and create a more streamlined and efficient permit process should consider eliminating design review.

This is a process some cities have adopted for reviewing certain projects for their aesthetic and architectural quality and urban design. The design review process often adds unnecessary delays and costs to the homebuilding process, creating a significant hurdle in the effort to add more housing choices. Furthermore, the design review process is sometimes used by residents as a tool to block new housing altogether in their neighborhoods. Design review can create a great deal of uncertainty over the development timeline on any given project. This lack of predictability and potential for delays makes projects having to undergo design review riskier to investors and more expensive to finance.

For cities that choose to maintain a design review process, local governments should strive to make it as streamlined, timely, and predictable as possible. Some argue for eliminating volunteer boards and enabling professional city staff to take on this role via administrative design review. This is preferable to full design review, assuming a timely and predictable process can be maintained.

RESOURCES:

- Sightline: How Seattle's Design Review Sabotages Housing Affordability

ENHANCE PREDICTABILITY

A key component of a more efficient permitting process that facilitates housing is predictability. There are some specific tools local governments could deploy that focus on predictability, which is a key factor in enabling project applicants to plan appropriately for housing they are seeking to build. Tools that enhance predictability related to project timelines and what land use laws and ordinances are in place are vital for planning timelines and financing for projects.

Ensure required timeline data is provided so customers can understand how long it will take to review an application

Issuing estimates of permit review timelines is an important step that local planning departments could take at the time of permit submittal. That is because it provides much-needed predictability for permit applicants so they can plan appropriately. There are many steps of the development process that rely on permits being processed within the timelines expressed by counties or cities. The predictability of timelines also drives some of the costs for development.

Under RCW 36.70B.080, annual performance reports must be prepared by local jurisdictions in King and Snohomish counties with a population of more than 20,000. Making these reports easy to locate online and accessible to customers is also very valuable.

The following is required to be reported:

- Total number of complete applications received during the year;
- Number of complete applications received during the year for which a notice of final decision was issued before the deadline established under this subsection;
- Number of applications received during the year for which a notice of final decision was issued after the deadline established under this subsection;
- Number of applications received during the year for which an extension of time was mutually agreed upon by the applicant and the county or city;
- Variance of actual performance, excluding applications for which mutually agreed time extensions have occurred, to the deadline established under this subsection during the year; and
- The mean processing time and the number standard deviation from the mean.

Counties and cities subject to the requirements of this subsection must:

- Provide notice of and access to the annual performance reports through the county's or city's website; and
- Post electronic facsimiles of the annual performance reports through the county's or city's website. Postings on a county's or city's website indicating that the reports are available by contacting the appropriate county or city department or official do not comply with the requirements of this subsection.

Local vesting of regulations and fees

Washington's vested rights doctrine gives property owners and developers the right to develop properties according to the land use laws and ordinances in place when they submit a complete permit application. Vesting provides certainty for all parties to development that rules won't change, which could otherwise jeopardize a project after initiation. Vesting is crucial to ensuring certainty, stability, and fairness in the development process. Homebuilders depend on vested rights to successfully plan new communities on time and within budget, two factors critical to housing affordability and availability.

However, several court rulings in recent years have reached inconsistent conclusions and severely limited Washington's common law vested rights doctrine. In one case, one Washington Court of Appeals severely restricted vested rights by going so far as to conclude that the doctrine is only statutory in nature, meaning that vested rights are afforded only to building permit and subdivision applications. In short, the Courts said there is no "common law" vesting; there is only statutory vesting. Thus, for vesting to be recognized, according to the Courts it must be delineated in code, whereas the common law vested rights doctrine previously extended to a broader range of applications.

In the absence of the common law doctrine, a city or county may re-institute vested rights by ordinance. Having a code on vesting provides both customers and staff clear guidance and predictability regarding how long an application or approval is good for. This is especially important given the fact that most submittals require multiple permit applications and permit processes.

RESOURCES:

- Snohomish County School Impact Fee Vesting
  - Ordinance 18-306
  - SCC 30.66C.100

Limit scope and duration of moratoria

Local governments should resist enacting building moratoria and instead work within their communities to expand housing supply and choices for families. While a moratorium is legal and can be put in place for a variety of reasons, they harm our region's ability to add much-needed housing supply and our economy, making it even harder for current and future residents to find a home they can afford. Moratoria can also run counter to our region's transportation investments that contemplate the need for more transit-oriented development in certain areas.

Even for projects put on hold by a moratorium that are completed after it is lifted, the cost of delay can add significantly to the selling price of these housing units once they finally reach the market. Some projects in earlier stages of planning, for which significant resources have already been invested, simply never move forward due to a moratorium. In these ways, a building moratorium limits supply and worsens our housing affordability crisis.

Building moratoria also represents a missed opportunity for cities, who stand to lose significant revenue from the new construction. Cities that enact a building moratorium lose local income, jobs, taxes, and other benefits of new housing. Not only does housing provide for a basic human need, it is also a major economic driver that benefits our entire region by helping to fund valuable local services, including schools, parks, and more.

FEES

Local governments looking for ways to facilitate housing should implement tools to reduce the cost-impacts created by fees and inefficient regulatory frameworks. Fees and regulations can drive up housing costs unnecessarily. Following are some best practices to help minimize the cost-burden associated with fees and enable more affordable housing.

Use fair and broad-based funding mechanisms

Any plan for new housing should include work to reduce the cost-impacts created by fees and inefficient regulatory frameworks. Fees and regulations that make it unnecessarily expensive to build more housing choices create financial barriers to new home construction, which can result in fewer projects moving forward because they are not feasible to build. For example, banks will not lend to fund housing construction if the potential financial returns are too low. When fewer homes are built—especially in areas where demand is high—prices rise. To the extent we can make it less expensive to build new housing, more projects can move forward. This is true for market rate and nonprofit builders alike.

Local governments should use fair and broad-based funding mechanisms, such as bond measures and levies, to help pay for necessary infrastructure improvements benefiting all community members. Cities and counties should also be mindful of the cumulative impact of fees and their impact on housing affordability.

RESOURCES:

- MBAKS Impact Fee Issue Brief
- NAHB Priced-Out Estimates for 2020

If fees are imposed, ensure they are properly set (proportionality, nexus, etc.) and defer collection

If a local government decides to impose fees on new development, they should first ensure they are properly set. For example, Washington state law authorizing impact fees is clear that these fees must not be solely relied upon for financing new improvements.

Instead, there must be a "balance between impact fees and other sources of public funds." The statute is also clear that impact fees cannot be imposed arbitrarily or in a duplicative manner for existing impacts. They must be designed so that the impact fee cost is proportionate to the benefit that new growth and development will receive from improved and expanded public services.

Additionally, when local governments impose these fees, they should defer collection until later in the process. Impact fees are challenging for builders to finance and can be significant upfront costs, especially for small and mid-sized builders. Deferring their collection until occupancy or closing, when impacts are realized, would help reduce a significant cost pressure on new housing and enable more projects to move forward.

RESOURCES:

- Chapter 82.02 RCW
- Impact Fee Payment Deferral Programs, MRSC
- Impact Fee Deferral Report: Department of Commerce, March 2019

WIN-WINS FOR HOUSING AND THE ENVIRONMENT

Cities and counties seeking to create more sustainable housing should adopt tools that provide win-wins for housing and the environment. Following are two positive examples of tools local governments could adopt that promote housing choices alongside environmental protection.

Trees and other vegetation help to infiltrate stormwater runoff in neighborhoods. Pictured: Verde Community in Bothell by Element Residential.

Progressive tree ordinance allowing for flexibility

When adopting tree codes, local jurisdictions should consider regulations that take a balanced approach to ensuring a sustainable tree canopy while working to accommodate a growing population as required by our state's Growth Management Act. Recognizing there is not a one-size-fits-all ordinance for regulating trees, cities should adopt smart, targeted, and flexible approaches when developing tree canopy targets. In doing so, cities should consider a variety of factors, as recommended by American Forests, such as development densities and land use patterns, climate, equitable distribution of canopy across income levels, age and species diversity, and tree condition. There are a variety of ways this can be accomplished. Assuring potential plant-able and tree retention areas, soil quality and stability, incentive programs and bonuses, and location prioritization such as the Arbor Day Foundation's "Right Tree Right Place" concept which retains and plants trees in optimal areas on a site. Allowing for flexibility to strike the right balance between houses and trees is the key.

RESOURCES:

- Snohomish County: example of tree canopy approach
- Snohomish County CY 2019 Tree Canopy Monitoring Report
- Arbor Day Foundation: "Right Tree Right Place" concept
- North Bend MC 19.10.092(C)-(E): example for tree density requirement, goal, and retention
- Newcastle MC 18.16, Kenmore and Bothell: examples of incentives and bonus measures for retention
- Bellevue: Exemplary public/municipal tree retention and replanting program, as well as tree prioritization location
- Why We No Longer Recommend a 40 Percent Urban Tree Canopy Goal, by Ian Leahy, American Forests

- *American Forests: They work to restore forest landscapes, create tree equity, advance forest policy, and implement programs to build canopy and re-leaf forests and cities. "Tree canopy cover targets are difficult to specify broadly because the opportunities to create canopy are highly variable among cities, even within a climatic region or land use class. Targets are best developed for specific cities and should consider constraints to creating canopy such as:
  - Development densities (i.e., dense development patterns with more impervious surfaces have less opportunity for cover);
  - Land use patterns (i.e., residential areas may have more opportunity for canopy than commercial areas, but canopy cover tends to be less in residential areas of disadvantaged communities versus wealthy ones);
  - Ordinances (i.e., parking lot shade ordinances promote cover over some impervious areas); and
  - Climate (i.e., canopy cover in desert cities is often less than tropical cities)."

Juanita Farmhouse cottages, built by John Buchan Homes, are comprised of nine cottages and a common house/ barn that achieved both Built Green 5-Star and Built Green Communities certifications in 2018.

Offer Built Green incentives

Local governments could adopt a green building incentive program to encourage more environmentally sustainable building practices and new home development that is affordable, healthier for residents, and better for the environment. Built Green is the green home certification program of the Master Builders Association of King and Snohomish Counties. Built Green incentive programs are a helpful part of local and regional development plans for environmentally sustainable housing to meet Climate Action Plan targets.

Many municipalities and utilities already offer incentives for certifying through Built Green. These incentives range from cash rebates, cost departure possibilities, and reduced fees to expedited permitting and zoning bonuses. Incentives are a proven way to increase the amount of green building. Through the use of green building incentives for Built Green projects, 73% of all newly constructed single-family homes in Seattle were Built Green certified in 2019.

Resources for green building incentives and rebates:

- Built Green: Green Building Incentives Resources
- Built Green: Green Building Incentives Handout
- City of Seattle: Priority Green Permitting and Zoning Incentives
- City of Shoreline: Deep Green Incentive Program
- City of Issaquah: Expedited Permitting
- City of Kirkland: Expedited Permitting
- City of Redmond: Expedited Permitting
- City of Bellevue: Parking Minimum Reductions and FAR Bonuses
- City of Tacoma, Land Use Code Title 13: Residential Infill Pilot Program and PRD Planned Residential District Density Bonus
- City of Everett: Height Bonuses
- Puget Sound Energy: Multifamily Construction Rebates
- Snohomish County (SnoPUD): Better Built Homes Rebates
- Seattle City Light: Multifamily Construction Rebates

Asani's Built Green 5-Star Grow Community on Bainbridge Island, built in 2012, was designed to be a zero-carbon neighborhood by 2020. Photo: Anthony Rich

Twin Lakes Landing is Housing Hope's brand-new, sustainably built development that provides safe, stable housing for homeless and low-income families, offering a full spectrum of support services to empower them to achieve stability.

AFFORDABLE HOUSING

Most of the tools in this toolkit are intended to enable the full range of housing, from market-rate to affordable housing built by nonprofit builders. However, there are additional steps local governments can take to facilitate housing that serves community members experiencing the greatest need for affordable housing. These tools are designed to help provide affordable housing for seniors, low- and moderate-wage workers, and formerly homeless individuals and families. These tools are important so communities can be more affordable and inclusive for all.

Adopt affordable housing levies

To help create more affordable housing choices, local jurisdictions could pursue the adoption of a local housing levy. Affordable housing levies are authorized under RCW 84.52.105, which states "A county, city, or town may impose additional regular property tax levies of up to fifty cents per thousand dollars of assessed value of property in each year for up to ten consecutive years to finance affordable housing for very low-income households when specifically authorized to do so by a majority of the voters of the taxing district voting on a ballot proposition authorizing the levies."

Housing levies represent an important funding tool for ensuring cities are inclusive, affordable, and livable for everyone. For example, Seattle's housing levy, when combined with other city funding, has led to the creation and preservation of more than 13,000 affordable homes for seniors, low- and moderate-wage workers,

and formerly homeless individuals and families. It has provided down-payment assistance to more than 900 first-time low-income homebuyers and emergency rental assistance for thousands of families in need.

RESOURCES:

- Seattle Housing Levy
- The Bellingham Home Fund
- Bellingham's Home Levy and Fund Resolution No. 2018-09
- Jefferson County Resolution No. 35-17

Multifamily Tax Exemption

Multifamily tax exemptions (MFTE) are helpful in encouraging the development of multifamily housing. Jurisdictions must designate certain areas in which the tax exemption may apply. New multifamily construction within the designated area may defer taxes on the value-added portion of new or rehabilitated property investment for eight years, if adding multifamily housing units, and up to 12 years, if 20% of housing units are "affordable" to low- and moderate -income households.

RESOURCES:

- See RCW 82.02 for details.
- The city of Issaquah designated a residential area adjacent to the Issaquah Transit Center for the purpose of establishing an MFTE program to build a mix of market-rate and affordable housing. Complementary zoning changes were adopted to facilitate proper uses and land use designations, and the City has been working with developers and potential applicants to "pencil" projects that will work with the MFTE funding requirements. This began in 2017. Here is one example of a TOD project that utilized MFTE.
- As part of its building and land use/zoning code updates for ADUs and missing middle/upzone, the city of Kirkland has been adopting a series of master lease agreements and MFTE ordinance amendments to promote more affordable housing including reserving 46 units in the new urban downtown development for city staff and other public sector employees at certain AMIs.
- City of Everett
- City of Marysville

Left: Housing levies can be used to fund a range of affordable housing programs, including homeownership assistance for first-time homebuyers. Pictured: Family receives new home at Habitat for Humanity-Seattle King County dedication.

Right: The Sammamish Cottages Community, a Habitat for Humanity Seattle-King County project, features 10 affordable homes ranging from 1,000 to 1,500 square feet. Habitat for Humanity is a member of MBAKS.

Toolkit Effectiveness Rating Chart

The following chart assigns the housing type or types that best fit each code change or best practice while also rating them on their effectiveness in facilitating housing, as ranked by MBAKS. Items are ranked using a 3-tier approach, with 3 being effective, 2 is very effective, and 1 is most effective.

Single-family Neighborhoods

Tools promoting Missing Middle Housing Types

Multifamily Neighborhoods

Housing Tool/Best Practice	Housing Type (SF, MF, MM)	Potential Impact Tier (1, 2, 3)
OPTIMIZING RESIDENTIAL DENSITIES		
Establish a minimum net density of 6 DU/acre in all residential zones*	SF	1
Allow cluster zoning in single-family zones*	SF	1
Lot size averaging*	SF	1
Adopt form-based code*		2
Allow a duplex on each corner lot within all single-family zones*	SF MM	3
Allow at least one duplex, triplex, or fourplex on each parcel in one or more areas zoned for single-family residences.*	SF MM	1
FLEXIBILITY IN SITE PLANNING AND DESIGN		
Reduced building setback requirements	SF MM	2
Reduced street widths	SF MM	2
Reduced on-street parking (single-family areas)	SF MM	2
INCREASE HOUSING CAPACITY NEAR TRANSIT AND JOBS		
Reduced or no parking requirements (near transit)	MF	2
Allow low-rise zoning/higher density within proximity to frequent transit*	MF	2
Transit-Oriented Development (TOD)/Employer Oriented Development (EOD)	MF	1
ALLOW A VARIETY AND MIX OF HOUSING TYPES AND INNOVATION		
Accessory Dwelling Unit (ADU) code changes*	SF MM	1
Enable microhousing	MF	2
Fee simple townhomes	MM	1
SEPA-RELATED AND PLANNING TOOLS		
Raise short plat thresholds to 9	SF	1
Raise SEPA exemption thresholds for minor new construction projects	SF MF	1
Subarea planning/programmatic EIS*	MM MF	1
SEPA exemptions for infill development	MM MF	1

MBA MASTER BUILDERS ASSOCIATION of King and Snohomish Counties

PERMIT EFFICIENCIES AND PROCESS IMPROVEMENTS		
Administrative approval of final plats		2
Completeness review within 10 days vs. current 28+ days		2
Model Home Permits		1
Concurrent review of preliminary plat and civil plans		3
Online permitting and tracking		1
Video inspections		2
Commit to meeting or exceeding established review timelines		3
Ensure needed capacity for reviews by maintaining appropriate staffing levels and providing training		2
Eliminate design review		1
ENHANCE PREDICTABILITY		
Ensure required timeline data is provided on your website so customers can understand how long it will take to review an application		3
Local vesting of regulations and fees		1
Limit scope and duration of moratoria		1
FEES		
Use fair and broad-based funding mechanisms		2
If fees are imposed, ensure they are properly set and defer their collection		2
WIN-WINS FOR HOUSING AND THE ENVIRONMENT		
Progressive tree ordinance allowing for flexibility		2
Offer Built Green incentives		1
AFFORDABLE HOUSING		
Adopt affordable housing levies		1
Multifamily Tax Exemption		1

OTHER RESOURCES

- Housing Memorandum: Issues Affecting Housing Availability and Affordability—Produced in accordance with Senate Bill 5254, BUILDABLE LANDS | June 2019
- Creating Housing for All—Creative Solutions to the Affordability Crisis: National Association of Home Builders
- Diversifying Housing Options with Smaller Lots and Smaller Homes: National Association of Home Builders, June 2019
- The Housing Development Toolkit: The White House, September 2016
- Housing Underproduction in Washington State: Up for Growth, January 2020
- Strong Foundations: Financial Security Starts With Affordable, Stable Housing: The Aspen Institute, January 2020

CONTACT US

We welcome your comments and suggestions on this toolkit. Contact abutcher@mbaks.com if you'd like more information and/or to share your ideas and success stories.

335 116th Ave. SE, Bellevue, WA 98004 | 425.451.7920 | mbaks.com

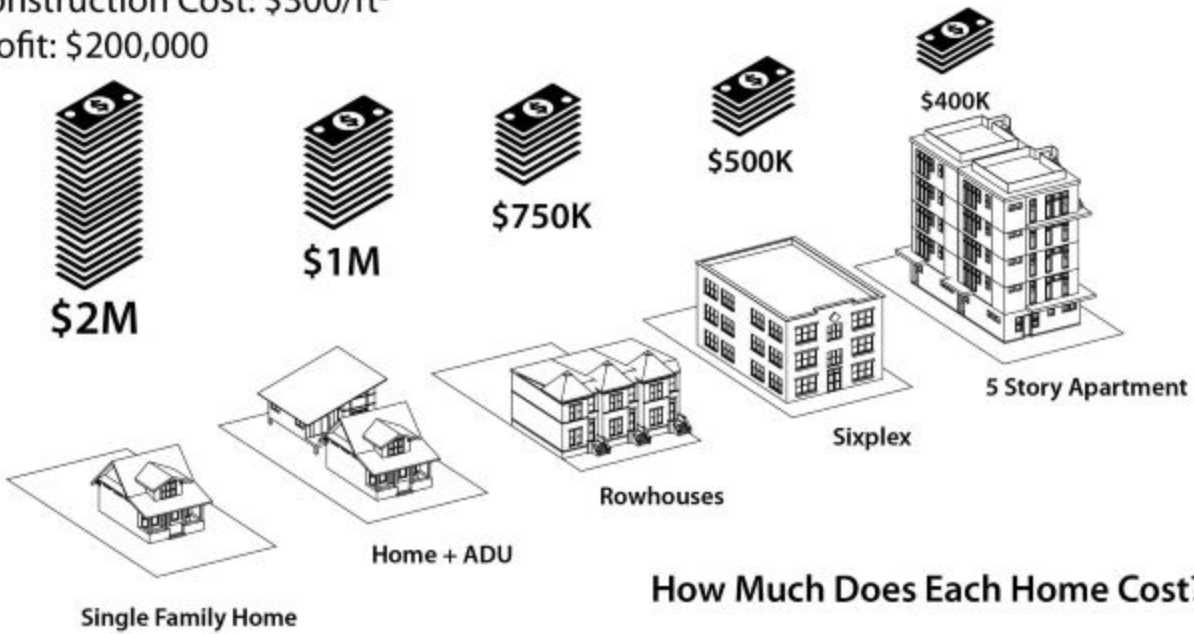
MASTER BUILDERS ASSOCIATION
of King and Snohomish Counties

Construction Costs

Land Acquisition: $600,000

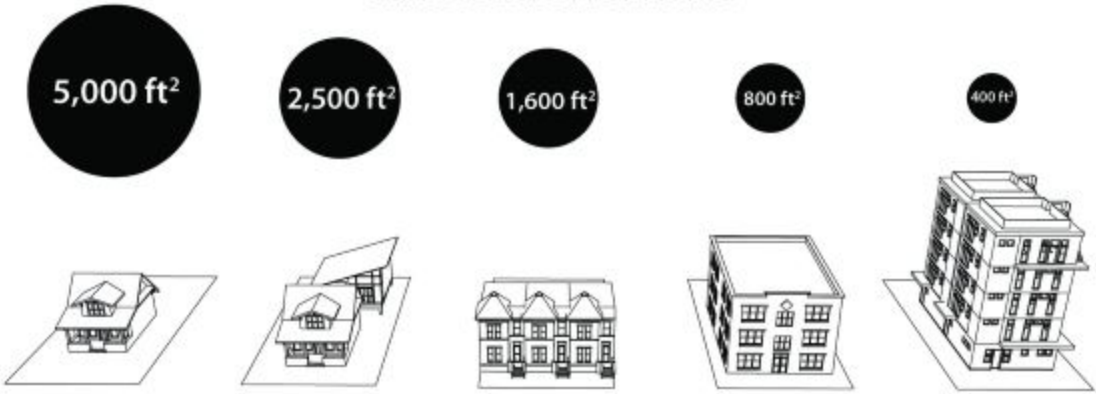
Construction Cost: $300/ft^2

Profit: $200,000



How Many Homes Does a 5,000ft² Lot Create?

Land Needed Per Home



Population Per Building

NAHB Priced-Out Estimates for 2021

February 2021
Special Study for Housing Economics
Na Zhao, Ph.D.
Economics and Housing Policy
National Association of Home Builders

This article announces NAHB's "priced out estimates" for 2021, showing how higher prices and interest rates affect housing affordability. The 2021 US estimates indicate that a $1,000 increase in the median new home price ($346,757[1]) would price 153,967 households out of the market. As a benchmark, 75.1 million households (roughly 60 percent of all U.S. households) are not able to afford a new median priced new home. A $1,000 home price increase would make 153,967 more households disqualify for the new home mortgage.

Other NAHB estimates for 2021 show that 25 basis points added to the mortgage rate at 30-year fixed rate of 2.8% would price out around 1.29 million households. In addition to the national numbers, NAHB once again is providing priced out estimates for individual states and more than 300 metropolitan areas.

The Priced-Out Methodology and Data

NAHB priced-out model uses the ability to qualify a mortgage to measure housing affordability, because most home buyers finance their new home purchase with conventional loans, and because convenient underwriting standards for these loans exist. The standard NAHB adopts for its priced-out estimates is that the sum of the mortgage payment (including the principal amount, loan interest, property tax, homeowners' property and private mortgage insurance premiums (PITI), is no more than 28 percent of monthly gross household income.

As a result, the number of households that qualify for mortgages for a certain priced home depends on the household income distribution in an area and the mortgage interest rate at that time. The most recent detailed household income distributions for all states and metro areas are

[1] The 2021 US median new home price is estimated by projecting the 2020 median new home price using the NAHB forecast of the Case-Shiller Home Price Index.

from the 2019 American Community Survey (ACS). NAHB adjusts the income distributions to reflect the income and population changes that may happen from 2019 to 2021. The income distribution is adjusted for inflation using the 2020 median family income at the state[2] and metro[3] levels, and then extrapolated it into 2021. The number of households in 2021 is projected by the growth rate of households from 2018 to 2019.

Other assumptions of the priced-out calculation include a 10% down payment, and a 30-year fixed rate mortgage at an interest rate of 2.8% with zero points. For a loan with this down payment, private mortgage insurance is required by lenders and thus included as part of PITI. The typical private mortgage insurance annual premium is 73 basis points[4], based on the standard assumption of national median credit score of 738[5] and 10% down payment and 30-year fixed mortgage rate. Effective local property tax rates are calculated using data from the 2019 American Community Survey (ACS) summary files. Homeowner's insurance rates are constructed from the 2019 ACS Public Use Microdata Sample (PUMS)[6]. For the US as a whole, the property tax is $10.7 per $1,000 of property value and the homeowner insurance is $3.6 per $1,000 property value.

U.S. Priced-Out Estimates

Under these assumptions, 50.3 million (about 40%) of the 125.4 million US households could afford to buy a new median priced home at $346,757 in 2021. A $1,000 home price increase thus will price 153,967 households out of the market for this home. These are the households that can qualify for a mortgage before a $1,000 increase but not afterwards, as shown in Table 1 below.

[2] The state median family income is published by Department of Housing and Urban Development (HUD).
[3] The MSA median family income is calculated by HUD and published by Federal Financial Institutions Examination Council (FFIEC).
[4] Private mortgage insurance premium (PMI) is obtained from the PMI Cost Calculator(https://www.hsh.com/calc-pmionly.html)
[5] Median credit score information is shown in the article "Four ways today's high home prices affect the larger economy" October 2018 Urban Institute https://www.urban.org/urban-wire/four-ways-todays-high-home-prices-affect-larger-economy
[6] Producing metro level estimates from the ACS PUMS involves aggregating Public Use Microdata Area (PUMA) level data according to the latest definitions of metropolitan areas. Due to complexity of these procedures and since metro level insurance rates tend to remain stable over time, NAHB revises these estimates only periodically.

Table 1. US Households Priced Out of the Market by Increases in House Prices, 2021

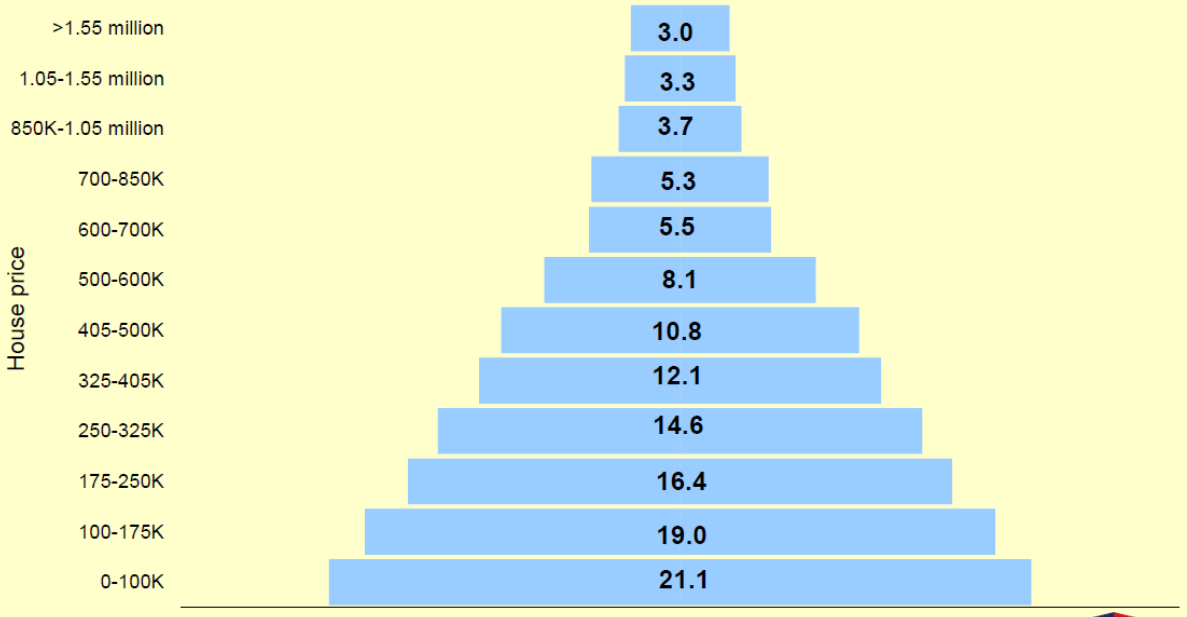
Area	Mortgage Rate	House Price	Monthly Mortgage Payment	Taxes and Insurance	Minimum Income Needed	Households That Can Afford House	Households That Cannot Afford House
United States	2.80%	$346,757	$1,407	$414	$78,036	50,303,399	75,105,557
United States	2.80%	$347,757	$1,411	$415	$78,261	50,149,432	75,259,524
Difference		$1,000	$4	$1	$225	-153,967	153,967

Calculations assume a 10% down payment and a 73 basis point fee for private mortgage insurance.
A Household Qualifies for a Mortgage if Mortgage Payments, Taxes, and Insurance are 28% of Income

US Household Income Distribution for 2021				
Income Range:			Households	Cumulative
$0	to	$9,404	7,269,983	7,269,983
$9,405	to	$14,107	5,045,432	12,315,416
$14,108	to	$18,809	4,941,364	17,256,779
$18,810	to	$23,512	5,435,103	22,691,882
$23,513	to	$28,215	5,090,064	27,781,946
$28,216	to	$32,917	5,433,854	33,215,800
$32,918	to	$37,620	5,038,087	38,253,887
$37,621	to	$42,323	5,222,651	43,476,538
$42,324	to	$47,025	4,718,720	48,195,258
$47,026	to	$56,430	9,273,507	57,468,765
$56,431	to	$70,538	12,507,853	69,976,618
$70,539	to	$94,051	16,086,781	86,063,399
$94,052	to	$117,565	11,897,400	97,960,799
$117,566	to	$141,078	7,815,163	105,775,961
$141,079	to	$188,104	8,989,572	114,765,533
$188,105	to	More	10,643,422	125,408,956

The U.S. housing affordability pyramid represents the number of households that could only afford homes no more than certain price. Based on conventional assumptions and underwriting standards, the minimum income required to purchase a $100,000 home is $22,505. In 2021, about 21.1 million households in the U.S. are estimated to have incomes no more than that threshold and, therefore, can only afford to buy homes priced no more than $100,000. These 21.1 million households form the bottom step of the pyramid (Figure 1). Of the remaining 101.7 million who can afford a home priced at $100,000, 19.0 million can only afford to pay a top price of somewhere between $100,000 and $175,000 (the second step on the pyramid). Each step represents a maximum affordable price range for fewer and fewer households. Housing affordability is a great concern for households with annual income at the lower end.

Figure 1. US Households (in Millions) by Highest Priced Home They Can Afford Based on Income: 2021



Source: Calculations by the National Association of Homebuilders Housing Policy Department, based on income data from the 2019 American Community Survey Public Use Microdata Sample File, U.S. Census Bureau

NAHB National Association of Home Builders

State and Local Estimates

The number of priced out households varies across both states and metropolitan areas, largely affected by the sizes of local population and the affordability of new homes. The 2021 priced-out estimates for all states and the District of Columbia are shown in Table 2, which presents the projected 2021 median new home price estimates and the amount of income needed to qualify the mortgage, the number of households who can and who cannot afford the new homes, and the number of households could be priced out if price goes up by $1,000. Among all the states, Texas registered the largest number of households priced out of the market by a $1,000 increase in the median-priced home in the state (14,309), followed by California (12,361), and Florida (10,215), largely because these three states are the top three populous states. Households in Texas, where half of all new homes are sold for less than $336,724, need an annual income of at least $85,998 to qualify for a new home mortgage. Therefore, around 6.8 million households (65.4% of all households) in Texas don’t earn enough income to qualify for new home loan to

begin with. In contrast, households in Delaware only need to have household income of $39,707 to qualify new home loans. Only 31% of households in Delaware (around 272,000 households) cannot afford new homes at the median price of $193,899 in 2021.

Table 3 shows the 2021 priced-out estimates for 381 metropolitan statistical areas. The metropolitan area with the largest priced out effect, in terms of absolute numbers, is New York-Newark-Jersey City, NY-NJ-PA, where 6,756 households will be disqualified for a new median-priced home if price goes up by $1,000. Chicago-Naperville-Elgin, IL-IN-WI metro area register the second largest number of priced-out households (5,162), followed by Houston-The Woodlands-Sugar Land, TX metro area (4,533). Different impacts of adding $1,000 to a new home price are largely due to different sizes of metro population and the affordability of new homes to begin with. The largest priced-out effect in New York metro area, where the median priced new homes are only affordability to 26.1% of households, is largely because of its largest population size among all metro areas (6.8 million households). Compared to New York metro, the populations in Chicago and Houston metro areas are much smaller. Chicago metro area only has half of New York metro population and Houston metro area has 40%. However, the median priced homes in Chicago or Houston metro areas are relatively more affordable to begin with. Around 44% of households in Chicago and 51.0% households in Houston metro area are capable of buying new median-priced homes there.

Interest Rates

NAHB 2021 priced-out estimates also present how interest rates affect the number of households would be priced out of the new home market. If mortgage interest rate goes up, the monthly mortgage payments will increase as well and therefore higher household income thresholds to qualify a mortgage loan. Table 4 shows the number of households priced out of the market for a new median priced home at $346,757 by each 25 basis-point increase in interest rate from 1% to 9%. When interest rates go up from 1.75% to 2.00%, around 1.2 million households could no longer afford buying median-priced new homes. An increase from 2.75% to 3.00% could price approximately 1.3 million households out of the market. However, about 813,000 households would be squeezed out of the market if interest rate goes up to 9% from 8.75%. This diminishing effect happen because only a few households at the thinner end of household income distribution

will be affected. On the contrary, when interest rates are relatively low, 25 basis-point increase would affect a larger number of households at the thicker part of income distribution.

Table 4. U.S. Households Priced Out of the Market by an Increase in Interest Rates, 2021

Mortgage Rate	Median New House Price	Monthly Mortgage Payment	Taxes and Insurance	Minimum Income Needed	Households That Can Afford House	Change in Households	Cumulative Change
1.00%	$346,757	$1,112	$414	$65,402	59,986,612		
1.25%	$346,757	$1,150	$414	$67,055	58,521,448	-1,465,164	-1,465,164
1.50%	$346,757	$1,190	$414	$68,741	57,026,546	-1,494,902	-2,960,066
1.75%	$346,757	$1,230	$414	$70,461	55,502,192	-1,524,354	-4,484,420
2.00%	$346,757	$1,271	$414	$72,213	54,287,444	-1,214,748	-5,699,168
2.25%	$346,757	$1,312	$414	$73,997	53,066,427	-1,221,017	-6,920,185
2.50%	$346,757	$1,355	$414	$75,814	51,823,476	-1,242,951	-8,163,136
2.75%	$346,757	$1,398	$414	$77,663	50,558,898	-1,264,578	-9,427,714
3.00%	$346,757	$1,442	$414	$79,542	49,273,014	-1,285,884	-10,713,598
3.25%	$346,757	$1,486	$414	$81,452	47,966,166	-1,306,848	-12,020,446
3.50%	$346,757	$1,532	$414	$83,392	46,638,709	-1,327,457	-13,347,903
3.75%	$346,757	$1,578	$414	$85,362	45,291,016	-1,347,693	-14,695,596
4.00%	$346,757	$1,624	$414	$87,361	43,923,470	-1,367,546	-16,063,142
4.25%	$346,757	$1,672	$414	$89,388	42,536,469	-1,387,001	-17,450,143
4.50%	$346,757	$1,719	$414	$91,444	41,130,420	-1,406,049	-18,856,192
4.75%	$346,757	$1,768	$414	$93,526	39,705,742	-1,424,678	-20,280,870
5.00%	$346,757	$1,817	$414	$95,635	38,544,821	-1,160,921	-21,441,791
5.25%	$346,757	$1,867	$414	$97,770	37,464,557	-1,080,264	-22,522,055
5.50%	$346,757	$1,917	$414	$99,930	36,371,477	-1,093,080	-23,615,135
5.75%	$346,757	$1,968	$414	$102,115	35,265,908	-1,105,569	-24,720,704
6.00%	$346,757	$2,020	$414	$104,324	34,148,181	-1,117,727	-25,838,431
6.25%	$346,757	$2,072	$414	$106,556	33,018,630	-1,129,551	-26,967,982
6.50%	$346,757	$2,125	$414	$108,812	31,877,589	-1,141,041	-28,109,023
6.75%	$346,757	$2,178	$414	$111,089	30,725,392	-1,152,197	-29,261,220
7.00%	$346,757	$2,231	$414	$113,387	29,562,374	-1,163,018	-30,424,238
7.25%	$346,757	$2,286	$414	$115,706	28,388,867	-1,173,507	-31,597,745
7.50%	$346,757	$2,340	$414	$118,046	27,288,565	-1,100,302	-32,698,047
7.75%	$346,757	$2,395	$414	$120,404	26,504,583	-783,982	-33,482,029
8.00%	$346,757	$2,451	$414	$122,782	25,714,359	-790,224	-34,272,253
8.25%	$346,757	$2,507	$414	$125,178	24,918,103	-796,256	-35,068,509
8.50%	$346,757	$2,563	$414	$127,591	24,116,025	-802,078	-35,870,587
8.75%	$346,757	$2,620	$414	$130,021	23,308,331	-807,694	-36,678,281
9.00%	$346,757	$2,677	$414	$132,467	22,495,223	-813,108	-37,491,389

Table 2 Households Priced Out of the Market by a $1,000 Price Increase, 2021

State	Median New Home Price	Income Needed to Qualify	Households All	Households Who Can Afford Median Price	Households Who Can't Afford Median Price	Households Priced Out
United States	346,757	78,036	125,408,956	50,303,399	75,105,557	153,967
Alabama	302,590	63,256	1,985,288	806,251	1,179,037	2,820
Alaska	521,619	120,117	247,560	71,260	176,300	234
Arizona	416,075	85,841	2,786,370	907,196	1,879,174	3,260
Arkansas	335,438	73,068	1,178,386	355,655	822,731	1,232
California	526,751	108,539	13,331,066	4,338,131	8,992,935	12,361
Colorado	483,393	98,337	2,356,529	791,797	1,564,732	2,310
Connecticut	589,795	156,214	1,375,318	283,917	1,091,401	718
Delaware	192,899	39,503	393,979	272,689	121,290	717
District of Columbia	614,551	122,888	299,934	85,531	214,403	169
Florida	369,083	82,394	8,102,370	2,512,502	5,589,868	10,215
Georgia	311,073	68,922	3,954,075	1,655,293	2,298,782	6,805
Hawaii	672,314	128,045	485,941	140,949	344,992	302
Idaho	348,619	72,046	688,185	247,328	440,857	909
Illinois	323,569	85,870	4,868,291	1,801,898	3,066,393	7,205
Indiana	317,395	70,489	2,594,959	1,003,721	1,591,238	4,304
Iowa	331,431	82,032	1,326,807	505,664	821,143	1,777
Kansas	341,653	84,836	1,148,235	371,251	776,984	1,655
Kentucky	328,930	73,344	1,781,216	604,961	1,176,255	2,025
Louisiana	318,611	69,702	1,748,814	644,804	1,104,010	2,336
Maine	437,279	101,930	580,298	144,316	435,982	507
Maryland	324,240	72,145	2,248,590	1,285,864	962,726	3,086
Massachusetts	606,866	136,965	2,704,251	722,176	1,982,075	2,093
Michigan	314,830	75,992	3,994,825	1,470,512	2,524,313	5,297
Minnesota	373,203	85,700	2,279,885	949,205	1,330,680	3,155
Mississippi	270,237	61,596	1,083,618	423,425	660,193	1,878
Missouri	332,777	76,009	2,506,083	876,573	1,629,510	3,129
Montana	327,771	71,137	450,382	182,271	268,111	665
Nebraska	288,401	73,539	783,491	333,201	450,290	1,500
Nevada	341,805	68,785	1,171,555	489,995	681,560	1,449
New Hampshire	505,421	130,718	562,353	137,301	425,052	438
New Jersey	317,751	86,123	3,360,906	1,626,200	1,734,706	4,657
New Mexico	380,314	81,819	792,076	244,681	547,395	831
New York	482,631	117,764	7,609,008	1,965,082	5,643,926	5,389
North Carolina	325,067	70,452	4,117,033	1,576,555	2,540,478	6,424
North Dakota	335,249	76,656	332,011	139,289	192,722	401
Ohio	342,272	83,423	4,821,421	1,587,503	3,233,918	6,265
Oklahoma	336,556	78,627	1,515,029	452,076	1,062,953	1,936
Oregon	479,355	102,710	1,668,277	415,802	1,252,475	1,578
Pennsylvania	372,487	89,959	5,217,271	1,788,911	3,428,360	6,762
Rhode Island	445,548	108,867	408,379	121,793	286,586	417
South Carolina	347,229	73,119	2,075,366	691,574	1,383,792	2,486
South Dakota	298,965	70,833	371,109	159,775	211,334	631
Tennessee	324,974	69,247	2,761,019	995,986	1,765,033	3,256
Texas	336,274	85,998	10,416,718	3,636,103	6,780,615	14,309
Utah	419,078	84,875	1,075,670	428,550	647,120	1,496
Vermont	476,377	120,420	265,577	42,318	223,259	186
Virginia	316,979	67,522	3,224,745	1,735,034	1,489,711	4,510
Washington	522,023	112,295	3,007,698	839,338	2,168,360	2,524
West Virginia	255,239	54,260	715,292	310,841	404,451	1,305
Wisconsin	342,422	84,722	2,416,221	837,899	1,578,322	3,540
Wyoming	532,238	110,784	238,988	55,069	183,919	205

* Based on 2.8% of 30-year mortgage interest rate

Table 3 Households Priced Out of the Market by a $1,000 Price Increase, 2021

Metro Area	Median New Home Price	Income Needed to Qualify	Households			
			All	Who Can Afford Median Price	Who Can't Afford Median Price	Priced Out
Abilene, TX	280,314	69,681	62,198	19,496	42,702	94
Akron, OH	428,137	106,296	282,873	71,020	211,853	322
Albany, GA	171,539	41,557	49,947	24,191	25,756	107
Albany-Lebanon, OR	377,809	84,642	51,348	8,390	42,958	76
Albany-Schenectady-Troy, NY	378,467	98,713	380,670	155,942	224,728	466
Albuquerque, NM	330,836	73,878	346,233	135,616	210,617	531
Alexandria, LA	322,334	70,572	56,531	18,923	37,608	90
Allentown-Bethlehem-Easton, PA-NJ	311,411	80,008	325,931	127,713	198,218	541
Altoona, PA	300,327	69,359	55,415	16,732	38,683	76
Amarillo, TX	328,975	85,821	98,782	28,637	70,145	123
Ames, IA	276,679	67,714	91,264	34,130	57,134	141
Anchorage, AK	489,889	114,238	138,840	40,018	98,822	126
Ann Arbor, MI	290,630	70,311	138,936	69,557	69,379	194
Anniston-Oxford, AL	138,884	29,836	45,389	30,581	14,808	123
Appleton, WI	314,364	78,228	95,192	40,856	54,336	144
Asheville, NC	359,862	74,411	196,613	69,854	126,759	236
Athens-Clarke County, GA	266,058	59,167	88,354	29,925	58,429	109
Atlanta-Sandy Springs-Alpharetta, GA	286,196	63,212	2,297,150	1,195,652	1,101,498	4,082
Atlantic City-Hammonton, NJ	392,849	115,567	112,748	38,459	74,289	128
Auburn-Opelika, AL	336,989	70,540	76,031	24,961	51,070	70
Augusta-Richmond County, GA-SC	254,950	55,498	207,757	102,755	105,002	362
Austin-Round Rock-Georgetown, TX	325,928	83,054	885,466	422,626	462,840	1,263
Bakersfield, CA	377,757	83,099	272,331	72,626	199,705	288
Baltimore-Columbia-Towson, MD	265,533	59,480	1,080,466	690,050	390,416	1,513
Bangor, ME	308,332	73,959	69,025	15,701	53,324	105
Barnstable Town, MA	805,064	174,020	119,662	12,373	107,289	59
Baton Rouge, LA	285,459	62,077	313,460	136,510	176,950	482
Battle Creek, MI	235,380	58,568	53,653	19,860	33,793	100
Bay City, MI	296,492	87,920	45,735	7,386	38,349	57
Beaumont-Port Arthur, TX	283,812	74,324	136,329	40,775	95,554	216
Beckley, WV	183,790	39,743	50,102	24,816	25,286	121
Bellingham, WA	428,692	89,724	92,324	32,197	60,127	126
Bend, OR	409,281	84,828	70,117	19,923	50,194	79
Billings, MT	271,825	60,120	92,469	47,145	45,324	157
Binghamton, NY	268,855	78,118	106,822	46,940	59,882	183
Birmingham-Hoover, AL	351,892	74,004	414,683	148,534	266,149	433
Bismarck, ND	312,215	70,350	45,249	22,719	22,530	63
Blacksburg-Christiansburg, VA	256,507	54,238	51,204	25,431	25,773	102
Bloomington, IL	194,274	54,335	51,002	30,800	20,202	94
Bloomington, IN	284,270	62,496	56,047	19,704	36,343	80
Bloomsburg-Berwick, PA	341,901	80,088	32,320	10,451	21,869	45
Boise City, ID	335,845	69,536	291,082	124,982	166,100	397
Boston-Cambridge-Newton, MA-NH	501,740	113,499	1,871,796	777,437	1,094,359	1,711
Boulder, CO	527,163	105,666	139,271	59,590	79,681	109
Bowling Green, KY	292,951	64,287	64,160	25,130	39,030	95
Bremerton-Silverdale-Port Orchard, WA	482,511	103,296	111,881	39,355	72,526	116
Bridgeport-Stamford-Norwalk, CT	1,000,580	248,950	330,626	31,963	298,663	185
Brownsville-Harlingen, TX	153,276	41,564	138,788	68,745	70,043	289
Brunswick, GA	379,978	83,855	48,672	17,430	31,242	52
Buffalo-Cheektowaga, NY	422,281	116,023	507,133	98,110	409,023	523
Burlington, NC	221,476	47,929	63,555	32,034	31,521	128
Burlington-South Burlington, VT	449,661	110,692	95,141	20,729	74,412	86
California-Lexington Park, MD	360,403	79,778	38,543	21,722	16,821	47
Canton-Massillon, OH	266,824	63,756	169,983	75,133	94,850	330
Cape Coral-Fort Myers, FL	274,168	62,021	298,562	126,836	171,726	581
Cape Girardeau, MO-IL	161,214	35,867	47,245	29,269	17,976	87

Table 3 Households Priced Out of the Market by a $1,000 Price Increase, 2021

Metro Area	Median New Home Price	Income Needed to Qualify	Households			
			All	Who Can Afford Median Price	Who Can't Afford Median Price	Priced Out
Carbondale-Marion, IL	150,005	39,394	68,855	35,751	33,104	189
Carson City, NV	368,912	71,783	21,931	10,014	11,917	26
Casper, WY	311,320	65,345	34,713	18,295	16,418	49
Cedar Rapids, IA	189,279	47,418	119,018	79,465	39,553	273
Chambersburg-Waynesboro, PA	277,000	63,965	61,121	31,283	29,838	95
Champaign-Urbana, IL	347,602	93,510	75,020	20,096	54,924	90
Charleston, WV	116,795	25,600	159,290	115,017	44,273	393
Charleston-North Charleston, SC	340,389	71,281	324,020	141,070	182,950	422
Charlotte-Concord-Gastonia, NC-SC	330,927	71,107	1,027,645	388,081	639,564	1,429
Charlottesville, VA	356,666	75,244	84,367	31,413	52,954	132
Chattanooga, TN-GA	272,014	59,400	226,629	120,954	105,675	361
Cheyenne, WY	271,839	57,240	46,188	22,759	23,429	109
Chicago-Naperville-Elgin, IL-IN-WI	303,408	80,104	3,541,321	1,555,150	1,986,171	5,162
Chico, CA	341,847	71,953	59,597	17,788	41,809	91
Cincinnati, OH-KY-IN	275,742	65,766	911,773	397,209	514,564	1,316
Clarksville, TN-KY	172,381	38,337	139,975	92,194	47,781	307
Cleveland, TN	232,656	50,019	47,254	23,040	24,214	85
Cleveland-Elyria, OH	319,225	82,190	885,951	296,333	589,618	1,170
Coeur d'Alene, ID	371,175	75,285	65,944	22,043	43,901	82
College Station-Bryan, TX	262,331	66,337	94,561	29,496	65,065	176
Colorado Springs, CO	518,808	106,324	284,131	71,173	212,958	291
Columbia, MO	318,600	72,204	98,641	40,025	58,616	143
Columbia, SC	278,496	59,800	323,891	142,056	181,835	418
Columbus, GA-AL	250,264	56,472	130,667	54,691	75,976	231
Columbus, IN	251,344	55,445	27,578	15,561	12,017	44
Columbus, OH	313,433	76,506	848,527	364,187	484,340	1,093
Corpus Christi, TX	349,161	93,410	137,168	31,133	106,035	182
Corvallis, OR	420,610	92,314	41,391	8,157	33,234	43
Crestview-Fort Walton Beach-Destin, FL	495,632	107,767	91,941	21,174	70,767	79
Cumberland, MD-WV	291,730	64,605	33,671	11,335	22,336	73
Dallas-Fort Worth-Arlington, TX	357,555	92,751	2,657,437	1,042,723	1,614,714	3,677
Dalton, GA	188,423	41,192	48,788	23,472	25,316	100
Danville, IL	158,475	42,694	33,228	16,591	16,637	64
Daphne-Fairhope-Foley, AL	264,995	54,319	80,022	44,969	35,053	189
Davenport-Moline-Rock Island, IA-IL	223,101	58,661	158,482	78,063	80,419	338
Decatur, AL	237,984	50,393	62,329	33,071	29,258	122
Decatur, IL	255,623	67,698	39,319	12,805	26,514	62
Deltona-Daytona Beach-Ormond Beach, FL	372,461	82,896	272,558	78,031	194,527	330
Denver-Aurora-Lakewood, CO	400,002	82,093	1,195,733	560,417	635,316	1,486
Des Moines-West Des Moines, IA	319,180	81,239	337,650	134,638	203,012	511
Detroit-Warren-Dearborn, MI	308,391	74,889	1,740,631	686,400	1,054,231	2,344
Dothan, AL	296,532	62,016	59,625	22,331	37,294	86
Dover, DE	233,835	47,360	68,388	39,709	28,679	142
Dubuque, IA	363,692	89,045	38,035	14,459	23,576	49
Duluth, MN-WI	233,022	54,105	141,832	66,452	75,380	307
Durham-Chapel Hill, NC	287,481	63,341	326,547	156,590	169,957	444
East Stroudsburg, PA	380,358	105,127	58,678	17,634	41,044	84
Eau Claire, WI	259,964	63,063	67,700	30,309	37,391	138
El Centro, CA	294,524	64,643	64,128	23,452	40,676	89
Elizabethtown-Fort Knox, KY	254,407	56,586	61,692	30,138	31,554	126
Elkhart-Goshen, IN	277,937	61,514	59,377	22,518	36,859	95
Elmira, NY	269,078	77,130	31,880	13,557	18,323	70
El Paso, TX	316,757	88,130	268,178	57,644	210,534	329
Enid, OK	336,043	80,679	25,115	5,003	20,112	26
Erie, PA	354,370	89,871	110,793	34,138	76,655	129
Eugene-Springfield, OR	373,348	80,998	154,947	47,007	107,940	194

Table 3 Households Priced Out of the Market by a $1,000 Price Increase, 2021

Metro Area	Median New Home Price	Income Needed to Qualify	Households			
			All	Who Can Afford Median Price	Who Can't Afford Median Price	Priced Out
Evansville, IN-KY	329,086	74,241	132,592	49,595	82,997	180
Fairbanks, AK	547,764	128,639	33,967	11,056	22,911	26
Fargo, ND-MN	286,173	67,105	114,384	52,371	62,013	200
Farmington, NM	317,585	67,169	40,358	16,354	24,004	81
Fayetteville, NC	245,210	56,805	338,657	133,958	204,699	605
Fayetteville-Springdale-Rogers, AR	345,765	74,771	180,558	59,769	120,789	239
Flagstaff, AZ	355,042	71,370	52,619	21,216	31,403	66
Flint, MI	259,743	65,344	168,804	59,987	108,817	351
Florence, SC	176,386	37,127	82,055	46,278	35,777	158
Florence-Muscle Shoals, AL	157,653	33,474	62,688	42,170	20,518	141
Fond du Lac, WI	313,976	78,269	45,983	14,379	31,604	83
Fort Collins, CO	384,507	77,989	162,303	77,546	84,757	191
Fort Smith, AR-OK	240,932	52,720	80,274	29,743	50,531	201
Fort Wayne, IN	282,402	63,318	139,152	56,797	82,355	264
Fresno, CA	478,209	102,315	329,291	65,836	263,455	319
Gadsden, AL	218,498	46,344	43,069	25,408	17,661	53
Gainesville, FL	312,878	71,008	184,073	51,030	133,043	206
Gainesville, GA	277,042	60,361	66,914	34,054	32,860	108
Gettysburg, PA	422,994	103,131	37,026	12,345	24,681	56
Glens Falls, NY	344,591	87,830	57,233	17,998	39,235	86
Goldsboro, NC	230,563	53,477	47,426	19,897	27,529	108
Grand Forks, ND-MN	304,134	70,420	48,200	22,184	26,016	66
Grand Island, NE	267,337	67,294	26,631	11,441	15,190	59
Grand Junction, CO	261,713	51,903	67,394	31,748	35,646	144
Grand Rapids-Kentwood, MI	287,185	66,971	395,892	162,618	233,274	631
Grants Pass, OR	377,454	77,006	31,773	10,197	21,576	37
Great Falls, MT	382,665	87,020	27,950	7,672	20,278	33
Greeley, CO	373,159	76,290	118,355	51,574	66,781	166
Green Bay, WI	316,922	77,183	138,280	56,901	81,379	171
Greensboro-High Point, NC	305,319	67,585	300,388	126,672	173,716	423
Greenville, NC	256,647	58,416	74,319	35,574	38,745	177
Greenville-Anderson, SC	308,956	64,311	359,315	152,265	207,050	574
Gulfport-Biloxi, MS	233,471	53,710	167,512	71,882	95,630	357
Hagerstown-Martinsburg, MD-WV	258,349	55,750	128,903	75,071	53,832	225
Hammond, LA	258,657	55,139	44,824	16,348	28,476	70
Hanford-Corcoran, CA	398,578	85,198	46,903	14,602	32,301	49
Harrisburg-Carlisle, PA	296,711	71,157	235,921	111,946	123,975	436
Harrisonburg, VA	375,137	77,919	45,369	17,240	28,129	56
Hartford-East Hartford-Middletown, CT	331,278	89,886	489,546	196,173	293,373	724
Hattiesburg, MS	253,098	58,216	70,822	32,254	38,568	102
Hickory-Lenoir-Morganton, NC	282,630	60,438	148,684	59,065	89,619	274
Hilton Head Island-Bluffton, SC	434,019	91,296	84,200	22,649	61,551	82
Hinesville, GA	295,610	68,756	27,492	10,259	17,233	62
Homosassa Springs, FL	263,673	58,452	68,984	22,861	46,123	155
Hot Springs, AR	336,279	72,281	44,549	19,192	25,357	68
Houma-Thibodaux, LA	321,284	69,512	83,716	37,342	46,374	96
Houston-The Woodlands-Sugar Land, TX	246,856	65,027	2,598,437	1,328,500	1,269,937	4,533
Huntington-Ashland, WV-KY-OH	215,718	47,600	136,523	67,184	69,339	256
Huntsville, AL	248,654	51,809	193,714	118,484	75,230	312
Idaho Falls, ID	272,557	57,263	52,786	26,307	26,479	89
Indianapolis-Carmel-Anderson, IN	310,138	69,293	815,072	347,358	467,714	1,290
Iowa City, IA	312,796	77,407	71,145	33,564	37,581	93
Ithaca, NY	319,568	89,976	40,466	11,748	28,718	45
Jackson, MI	215,514	52,476	59,081	24,481	34,600	121
Jackson, MS	318,754	72,297	237,319	76,502	160,817	257
Jackson, TN	255,030	57,651	136,434	53,671	82,763	259

Table 3 Households Priced Out of the Market by a $1,000 Price Increase, 2021

Metro Area	Median New Home Price	Income Needed to Qualify	Households			
			All	Who Can Afford Median Price	Who Can't Afford Median Price	Priced Out
Jacksonville, FL	271,535	60,178	602,718	309,382	293,336	1,043
Jacksonville, NC	186,955	42,377	57,605	37,645	19,960	153
Janesville-Beloit, WI	251,741	64,807	66,706	28,437	38,269	158
Jefferson City, MO	251,192	56,067	65,457	32,422	33,035	142
Johnson City, TN	237,244	50,538	96,662	31,579	65,083	181
Johnstown, PA	312,982	76,703	56,504	14,054	42,450	85
Jonesboro, AR	206,782	45,486	49,256	22,684	26,572	94
Joplin, MO	169,695	38,250	59,866	40,595	19,271	164
Kahului-Wailuku-Lahaina, HI	745,391	139,907	58,736	15,937	42,799	48
Kalamazoo-Portage, MI	279,560	69,173	62,277	28,797	33,480	86
Kankakee, IL	265,075	73,015	37,547	16,160	21,387	58
Kansas City, MO-KS	327,165	78,103	863,052	372,972	490,080	1,238
Kennewick-Richland, WA	445,051	96,481	107,793	37,344	70,449	112
Killeen-Temple, TX	234,919	61,241	167,428	69,210	98,218	351
Kingsport-Bristol, TN-VA	259,109	55,253	141,892	57,036	84,856	271
Kingston, NY	346,733	91,945	69,822	23,054	46,768	102
Knoxville, TN	263,020	55,317	354,560	153,434	201,126	584
Kokomo, IN	219,960	49,386	32,258	17,153	15,105	82
La Crosse-Onalaska, WI-MN	313,738	77,969	57,238	16,838	40,400	89
Lafayette, LA	294,845	64,185	184,225	69,131	115,094	295
Lafayette-West Lafayette, IN	267,408	58,392	107,479	48,118	59,361	173
Lake Charles, LA	229,506	50,304	77,774	42,388	35,386	92
Lake Havasu City-Kingman, AZ	297,919	60,989	92,768	34,705	58,063	164
Lakeland-Winter Haven, FL	276,074	61,487	233,625	91,431	142,194	429
Lancaster, PA	310,843	75,164	209,196	88,906	120,290	338
Lansing-East Lansing, MI	255,477	64,293	288,123	137,702	150,421	504
Laredo, TX	279,197	77,035	78,420	15,777	62,643	116
Las Cruces, NM	349,523	74,524	76,528	21,995	54,533	107
Las Vegas-Henderson-Paradise, NV	277,524	55,944	823,704	428,312	395,392	1,306
Lawrence, KS	257,781	62,734	47,720	23,780	23,940	84
Lawton, OK	268,497	63,935	43,175	21,216	21,959	80
Lebanon, PA	259,001	63,431	52,563	25,413	27,150	94
Lewiston, ID-WA	387,147	83,973	30,540	6,973	23,567	38
Lewiston-Auburn, ME	328,760	81,160	48,049	18,442	29,607	74
Lexington-Fayette, KY	310,489	68,785	208,935	95,286	113,649	311
Lima, OH	231,337	55,709	39,012	19,733	19,279	76
Lincoln, NE	266,459	67,681	139,912	65,216	74,696	276
Little Rock-North Little Rock-Conway, AR	268,254	59,740	297,114	147,862	149,252	472
Logan, UT-ID	301,485	62,905	48,467	25,007	23,460	83
Longview, TX	250,307	59,458	186,934	78,469	108,465	307
Longview, WA	360,613	77,472	41,829	15,290	26,539	58
Los Angeles-Long Beach-Anaheim, CA	713,344	145,889	4,409,663	641,150	3,768,513	2,147
Louisville/Jefferson County, KY-IN	292,174	65,029	471,680	209,840	261,840	833
Lubbock, TX	308,324	81,635	125,338	36,792	88,546	162
Lynchburg, VA	267,953	55,717	102,090	54,124	47,966	151
Macon-Bibb County, GA	210,581	50,435	88,230	41,142	47,088	151
Madera, CA	401,042	85,278	44,194	10,675	33,519	54
Madison, WI	356,179	88,262	285,982	108,779	177,203	459
Manchester-Nashua, NH	399,977	103,669	164,482	70,520	93,962	207
Manhattan, KS	336,394	81,910	78,092	20,956	57,136	97
Mankato, MN	301,405	69,343	40,868	19,282	21,586	61
Mansfield, OH	293,039	71,766	53,410	20,276	33,134	102
McAllen-Edinburg-Mission, TX	226,545	60,925	269,326	84,563	184,763	429
Medford, OR	388,327	82,199	83,957	18,355	65,602	66
Memphis, TN-MS-AR	297,937	68,659	506,867	187,444	319,423	800
Merced, CA	457,706	95,088	83,012	9,345	73,667	32

Table 3 Households Priced Out of the Market by a $1,000 Price Increase, 2021

Metro Area	Median New Home Price	Income Needed to Qualify	Households			
			All	Who Can Afford Median Price	Who Can't Afford Median Price	Priced Out
Miami-Fort Lauderdale-Pompano Beach, FL	457,969	104,198	2,278,186	343,856	1,934,330	1,652
Michigan City-La Porte, IN	259,086	58,486	43,056	17,515	25,541	81
Midland, MI	222,915	56,792	34,874	19,415	15,459	63
Midland, TX	224,330	53,749	65,320	35,098	30,222	96
Milwaukee-Waukesha, WI	395,781	97,111	637,261	187,948	449,313	691
Minneapolis-St. Paul-Bloomington, MN-WI	325,069	75,081	1,415,337	674,233	741,104	2,220
Missoula, MT	309,434	68,649	51,769	29,507	22,262	85
Mobile, AL	284,221	62,801	166,525	60,516	106,009	282
Modesto, CA	366,350	76,913	173,756	66,918	106,838	214
Monroe, LA	317,702	67,504	109,577	38,191	71,386	138
Monroe, MI	249,893	59,029	59,478	34,286	25,192	108
Montgomery, AL	273,371	56,664	150,428	67,470	82,958	246
Morgantown, WV	205,531	42,522	53,041	26,908	26,133	126
Morristown, TN	246,468	51,494	91,041	32,927	58,114	138
Mount Vernon-Anacortes, WA	394,931	85,247	50,201	19,915	30,286	63
Muncie, IN	117,816	27,219	46,305	33,624	12,681	142
Muskegon, MI	214,584	52,485	64,101	30,248	33,853	149
Myrtle Beach-Conway-North Myrtle Beach, SC-NC	256,412	53,594	221,938	91,326	130,612	459
Napa, CA	610,590	126,775	49,731	18,212	31,519	45
Naples-Marco Island, FL	385,181	82,638	133,657	53,339	80,318	173
Nashville-Davidson--Murfreesboro--Franklin, TN	335,484	69,840	739,982	290,159	449,823	1,091
New Bern, NC	222,298	49,930	58,471	28,706	29,765	100
New Haven-Milford, CT	314,629	86,187	316,319	137,703	178,616	413
New Orleans-Metairie, LA	300,004	67,094	490,967	190,383	300,584	735
New York-Newark-Jersey City, NY-NJ-PA	365,855	90,379	6,755,857	1,762,684	4,993,173	6,756
Niles, MI	357,048	83,627	56,264	14,138	42,126	62
North Port-Sarasota-Bradenton, FL	319,219	70,181	328,710	137,420	191,290	458
Norwich-New London, CT	398,655	103,060	113,136	36,821	76,315	129
Ocala, FL	261,945	57,896	150,084	53,754	96,330	290
Ocean City, NJ	583,031	139,224	44,634	8,066	36,568	20
Odessa, TX	316,590	76,778	50,888	11,588	39,300	81
Ogden-Clearfield, UT	355,046	72,629	234,293	116,252	118,041	376
Oklahoma City, OK	313,024	75,375	527,699	198,490	329,209	710
Olympia-Lacey-Tumwater, WA	406,318	89,062	117,433	40,107	77,326	140
Omaha-Council Bluffs, NE-IA	246,778	64,784	375,735	209,788	165,947	701
Orlando-Kissimmee-Sanford, FL	347,409	76,861	917,072	316,178	600,894	1,236
Oshkosh-Neenah, WI	317,305	80,615	71,050	28,714	42,336	112
Owensboro, KY	161,225	37,064	52,078	30,604	21,474	141
Oxnard-Thousand Oaks-Ventura, CA	701,407	144,492	261,743	59,685	202,058	145
Palm Bay-Melbourne-Titusville, FL	443,784	98,379	237,583	50,664	186,919	198
Panama City, FL	348,371	76,397	51,192	20,577	30,615	78
Parkersburg-Vienna, WV	286,155	61,449	33,165	13,697	19,468	65
Pensacola-Ferry Pass-Brent, FL	253,445	55,809	195,270	85,856	109,414	346
Peoria, IL	317,997	88,345	195,607	53,888	141,719	309
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	246,628	60,954	2,400,180	1,437,750	962,430	3,707
Phoenix-Mesa-Chandler, AZ	375,534	76,827	1,836,711	777,132	1,059,579	2,189
Pine Bluff, AR	206,097	45,257	38,249	16,671	21,578	90
Pittsburgh, PA	384,836	93,666	1,058,320	306,280	752,040	1,034
Pittsfield, MA	758,227	182,522	51,061	8,048	43,013	21
Pocatello, ID	225,558	49,471	43,907	21,670	22,237	80
Portland-South Portland, ME	441,013	101,010	224,240	76,122	148,118	290
Portland-Vancouver-Hillsboro, OR-WA	458,484	98,901	984,059	346,744	637,315	985
Port St. Lucie, FL	303,798	69,593	182,066	60,932	121,134	301
Providence-Warwick, RI-MA	381,953	91,376	639,870	242,560	397,310	827
Provo-Orem, UT	395,177	78,753	198,865	85,741	113,124	279
Pueblo, CO	224,063	47,549	68,487	35,546	32,941	117

Table 3 Households Priced Out of the Market by a $1,000 Price Increase, 2021

Metro Area	Median New Home Price	Income Needed to Qualify	Households			
			All	Who Can Afford Median Price	Who Can't Afford Median Price	Priced Out
Punta Gorda, FL	366,107	83,493	79,922	20,403	59,519	104
Racine, WI	324,641	81,570	83,272	35,934	47,338	104
Raleigh-Cary, NC	270,028	57,975	550,549	325,112	225,437	792
Rapid City, SD	269,772	64,532	52,564	16,362	36,202	93
Reading, PA	292,269	76,154	150,177	61,449	88,728	230
Redding, CA	435,416	93,085	82,663	15,356	67,307	62
Reno, NV	387,742	77,561	202,111	77,671	124,440	284
Richmond, VA	254,894	54,576	481,024	261,515	219,509	803
Riverside-San Bernardino-Ontario, CA	418,722	89,343	1,405,988	490,674	915,314	1,844
Roanoke, VA	317,002	68,638	126,034	49,488	76,546	224
Rochester, MN	302,561	70,524	100,012	51,327	48,685	191
Rochester, NY	361,235	105,755	450,830	88,561	362,269	589
Rockford, IL	161,062	46,768	134,521	77,986	56,535	306
Rocky Mount, NC	199,437	46,163	57,910	31,143	26,767	123
Rome, GA	196,862	44,849	37,037	17,978	19,059	76
Sacramento-Roseville-Folsom, CA	470,588	99,696	893,213	290,001	603,212	936
Saginaw, MI	250,901	64,348	79,674	31,597	48,077	134
St. Cloud, MN	302,452	69,854	79,640	39,141	40,499	131
St. George, UT	380,603	75,955	70,255	24,631	45,624	97
St. Joseph, MO-KS	282,106	64,230	47,243	17,010	30,233	82
St. Louis, MO-IL	304,651	73,789	1,161,967	476,460	685,507	1,711
Salem, OR	455,199	98,992	155,445	26,831	128,614	119
Salinas, CA	723,205	147,781	132,172	25,722	106,450	88
Salisbury, MD-DE	259,165	53,052	178,467	88,779	89,688	270
Salt Lake City, UT	337,986	69,109	413,573	217,226	196,347	590
San Angelo, TX	296,078	74,156	46,130	11,818	34,312	76
San Antonio-New Braunfels, TX	315,494	80,985	844,182	288,231	555,951	1,264
San Diego-Chula Vista-Carlsbad, CA	688,792	142,209	1,135,486	254,416	881,070	491
San Francisco-Oakland-Berkeley, CA	1,048,503	214,302	1,767,678	490,555	1,277,123	801
San Jose-Sunnyvale-Santa Clara, CA	1,365,128	275,915	660,791	3,135	657,656	401
San Luis Obispo-Paso Robles, CA	642,667	131,825	107,143	25,312	81,831	67
Santa Cruz-Watsonville, CA	940,283	190,342	103,377	21,953	81,424	41
Santa Fe, NM	316,992	63,959	61,145	31,960	29,185	84
Santa Maria-Santa Barbara, CA	763,453	155,907	146,951	27,689	119,262	46
Santa Rosa-Petaluma, CA	684,881	141,411	197,370	55,434	141,936	135
Savannah, GA	309,020	70,810	141,921	54,093	87,828	191
Scranton--Wilkes-Barre, PA	343,358	86,783	235,249	82,019	153,230	282
Seattle-Tacoma-Bellevue, WA	542,762	116,574	1,571,761	639,320	932,441	1,557
Sebastian-Vero Beach, FL	487,888	107,995	78,607	16,660	61,947	58
Sebring-Avon Park, FL	282,978	64,001	49,491	11,119	38,372	67
Sheboygan, WI	351,164	88,033	53,831	13,677	40,154	91
Sherman-Denison, TX	277,597	69,830	49,146	23,688	25,458	92
Shreveport-Bossier City, LA	254,714	55,514	123,692	56,730	66,962	197
Sierra Vista-Douglas, AZ	279,912	60,650	56,749	30,343	26,406	135
Sioux City, IA-NE-SD	296,010	74,263	40,601	10,970	29,631	87
Sioux Falls, SD	248,646	58,761	117,895	72,805	45,090	247
South Bend-Mishawaka, IN-MI	306,877	69,487	121,954	47,151	74,803	176
Spartanburg, SC	208,771	44,322	109,409	62,764	46,645	144
Spokane-Spokane Valley, WA	411,934	90,357	231,614	55,216	176,398	189
Springfield, IL	283,016	75,607	88,580	36,561	52,019	130
Springfield, MA	426,645	105,101	352,211	79,383	272,828	386
Springfield, MO	290,686	65,230	209,508	82,927	126,581	290
Springfield, OH	264,961	65,389	52,610	19,146	33,464	97
State College, PA	384,436	86,356	59,871	21,412	38,459	65
Staunton, VA	236,599	49,464	53,409	28,259	25,150	124
Stockton, CA	483,261	102,737	226,925	70,299	156,626	201

Table 3 Households Priced Out of the Market by a $1,000 Price Increase, 2021

Metro Area	Median New Home Price	Income Needed to Qualify	Households			
			All	Who Can Afford Median Price	Who Can't Afford Median Price	Priced Out
Sumter, SC	177,116	38,799	110,287	57,903	52,384	173
Syracuse, NY	335,223	96,347	252,676	57,490	195,186	325
Tallahassee, FL	238,070	53,321	166,066	84,389	81,677	304
Tampa-St. Petersburg-Clearwater, FL	342,661	76,800	1,230,796	396,742	834,054	1,605
Terre Haute, IN	205,010	46,803	84,408	41,252	43,156	161
Texarkana, TX-AR	290,979	70,650	51,995	22,496	29,499	102
The Villages, FL	330,779	72,254	53,207	15,937	37,270	84
Toledo, OH	272,662	68,569	319,298	116,182	203,116	600
Topeka, KS	247,519	62,812	95,929	49,615	46,314	192
Trenton-Princeton, NJ	243,656	68,332	126,695	73,581	53,114	226
Tucson, AZ	407,718	88,932	427,056	101,320	325,736	358
Tulsa, OK	296,874	69,911	398,599	137,857	260,742	551
Tuscaloosa, AL	284,008	58,779	97,758	40,219	57,539	143
Twin Falls, ID	241,717	51,089	38,719	17,249	21,470	91
Tyler, TX	360,748	88,543	81,203	16,308	64,895	102
Urban Honolulu, HI	823,292	157,047	333,620	70,764	262,856	137
Utica-Rome, NY	378,485	105,831	122,371	23,794	98,577	135
Valdosta, GA	230,528	53,654	55,946	22,230	33,716	110
Vallejo, CA	433,539	91,368	146,668	64,709	81,959	203
Victoria, TX	323,563	83,420	28,795	10,303	18,492	42
Vineland-Bridgeton, NJ	183,474	53,131	54,118	31,994	22,124	108
Virginia Beach-Norfolk-Newport News, VA-NC	281,517	62,186	718,994	354,000	364,994	1,269
Visalia, CA	357,964	75,289	154,459	39,602	114,857	228
Waco, TX	278,912	71,263	102,133	34,896	67,237	155
Walla Walla, WA	451,406	99,907	21,781	4,850	16,931	23
Warner Robins, GA	246,645	56,640	63,769	30,119	33,650	119
Washington-Arlington-Alexandria, DC-VA-MD-WV	463,972	100,850	2,284,252	1,197,649	1,086,603	2,209
Waterloo-Cedar Falls, IA	305,471	76,555	64,711	19,326	45,385	106
Watertown-Fort Drum, NY	187,012	46,956	35,104	16,930	18,174	103
Wausau-Weston, WI	251,509	62,740	96,536	45,042	51,494	205
Weirton-Steubenville, WV-OH	246,787	56,053	46,985	19,712	27,273	89
Wenatchee, WA	344,065	73,423	38,422	14,690	23,732	41
Wheeling, WV-OH	118,858	26,194	63,178	48,324	14,854	157
Wichita, KS	243,952	61,301	242,956	101,659	141,297	531
Wichita Falls, TX	394,104	106,803	61,442	6,782	54,660	39
Williamsport, PA	336,583	81,920	45,360	10,681	34,679	73
Wilmington, NC	346,731	75,704	123,448	48,267	75,181	172
Winchester, VA-WV	260,226	53,743	43,484	27,566	15,918	93
Winston-Salem, NC	261,452	57,066	269,278	121,654	147,624	443
Worcester, MA-CT	391,919	93,394	383,546	151,510	232,036	499
Yakima, WA	358,557	78,213	85,352	17,375	67,977	82
York-Hanover, PA	253,587	64,728	178,445	91,674	86,771	367
Youngstown-Warren-Boardman, OH-PA	310,407	77,269	237,108	71,501	165,607	382
Yuba City, CA	382,777	82,322	63,386	28,782	34,604	88
Yuma, AZ	214,190	46,237	73,072	42,402	30,670	145