

## Executive Summary

The *Housing Characteristics and Needs in Snohomish County* report has been compiled pursuant to Countywide Planning Policy (CPP) HO-5 that directs the cities and county to collaborate "...to report housing characteristics and needs in a timely manner for jurisdictions to conduct major comprehensive plan updates and to assess progress toward achieving CPPs on housing." This report was prepared through the Snohomish County Tomorrow (SCT) process via the Planning Advisory Committee (PAC) Housing Subcommittee, and has been recommended by the PAC and accepted by the Steering Committee.

Countywide Planning Policy HO-5 requires that the housing characteristics report "...be sufficiently easy to understand and use..." while containing four components. The report needs to describe measures jurisdictions have taken to support the Housing CPPs, especially those in support of housing affordability; quantify existing housing characteristics; identify the number of housing units necessary to meet the housing needs of the projected population, by income ranges and special needs population; and evaluate the risk of physical and economic displacement of residents, especially low-income households and marginalized populations. Much of the data in this report is organized and aggregated by the PSRC regional geographies to facilitate comparisons between jurisdictions in the same classification.

The chapters of this report respond to the requirements of Policy HO-5.

- Chapter 2 examines current demographics as they relate to housing (such as total population and age distribution) and housing characteristics.
- Chapter 3 describes the existing housing stock.
- Chapter 4 forecasts future housing needs by examining population projections and trends.
- Chapter 5 discusses displacement and strategies jurisdictions can use to minimize housing displacement.
- Chapter 6 discusses the supply and capacity of residential land, based on the 2012 Buildable Lands Report.
- Chapter 7 describes measures taken by each jurisdiction to address housing needs.
- Chapter 8 examines strategies that can be used to address shortfalls in the supply of affordable housing.

There are also several supporting appendices.

- Appendix A is the VISION 2050 summary.

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- Appendix B includes the Countywide Planning Policies on Housing.
- Appendix C has the adopted Initial Population Targets.
- Appendix D has the Proposed 2044 Initial Housing Targets.
- Appendix E includes the Housing Strategies Local Government Survey results.
- Appendix F has all the housing data from the main report arranged by jurisdiction.
- Appendix G has the Housing Need Allocations by Income Band (Methods A, B and C).

### Characteristics of the Population (Housing Demand)

The demand for housing is directly related to population. Snohomish County is a growing and urbanizing county. The county's total population grew by just over 16 percent to about 827,957 during the last decade.

The 20 cities in Snohomish County range in population from Everett's 110,629 to Index's 155. With the exception of the Town of Index, all of the cities experienced some population growth during the past decade. The highest rates of growth were in several MUGAs, with both the Bothell MUGA and the Larch Way Overlap experiencing growth of over 50% in the past decade.

Snohomish County generally parallels the State of Washington in the median age of its population. As the "baby boomer" generation moves into retirement, it can be expected that the median age will continue to rise and the share of the population in the age 65+ category will continue to grow, placing substantial demands on the housing supply for "senior" and retirement living, as well as specialized care facilities. This is especially true in the unincorporated areas where fully 33 percent of the population is currently within the age 45-64 cohort (compared to a 27 percent share countywide).

While total population drives housing demand, the number of households that population is divided into represents the primary indicator of housing demand. Snohomish County has about 307,000 households. The average household size for all of Snohomish County is 2.67, which is a slight increase since 2010 when the average was 2.62. This represents the first increase in average household size observed in recent decades and is reflective of an increase in average household size statewide. It is unclear why the average household size has increased given that the percentage of the population under the age of 18 has decreased in the last decade, although the Washington State Department of Commerce attributes the increase in average household size to the under-building of housing, leading to people living in multigenerational housing or with roommates, not by choice but because of the lack of affordable housing. Index has the smallest average household size at 2.15 persons, while Lake Stevens has the largest at 2.94 persons.

Household income is another important determinant of housing demand, especially regarding affordable housing. For the county as a whole, the median annual household income is slightly over \$89,000. This is the county median income, as distinct from the Housing and Urban Development Area Family Median Income (AMI) for Snohomish County

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which is part of the Seattle Bellevue Metro Area. Snohomish County's 2020 AMI is \$113,300. There is significant variation in median income among Snohomish County jurisdictions, with the Town of Woodway at \$196,000 and the city of Darrington at \$34,000. Two of the county's regional growth centers – Everett and Lynnwood – each have a median household income that is well below the countywide median.

Housing affordability in general is a measure of a housing unit's cost relative to a household's income. A household (either a rental household or an owner household with a mortgage) is considered to be cost burdened when they spend 30 percent or more of their gross income on housing costs. Severe housing cost burden occurs when a household must pay more than 50 percent of gross monthly income on housing costs. Cost-burdened status is used as a measure of housing affordability and as a determinant of eligibility for federal housing programs. In Snohomish County, 50.1% of renter households and 29.1% of households with a mortgage are cost burdened. There are significant variations in cost burden throughout the county. Renter cost burden ranges from 20.9% in Gold Bar to 70.1% in Darrington while owner cost-burden ranges from 17.1% in Mill Creek to 38.7% in Stanwood. In general, rental households are experiencing higher levels of cost-burden in each jurisdiction. Information on housing demand compiled by jurisdiction can be found in Appendix F.

### Characteristics of the Housing Stock (Supply)

Snohomish County has over 314,000 total housing units, of which about 65% are single-family detached houses. There are significant variations in the distribution of types of housing throughout the county's regional geographies. In the rural unincorporated county, 1 unit detached housing contributes 85% of the housing stock. Housing that comprises 5 units or more contributes to 1% of the housing stock. In Everett Metro City, 1 unit detached housing contributes 45% of the housing stock and housing that is 5 or more units contributes to 36% of the housing stock. There is a similar trend when it comes to homeownership in the county. Overall, the homeownership rate continues to be about 68 percent in Snohomish County. In Everett 48% of households are homeowners and 52% are renters. In the rural unincorporated area 89% of households are homeowners and 11% are renters.

Like the nation and state as a whole, housing affordability is a major issue in Snohomish County. In keeping with the guidance provided by the Washington State Department of Commerce, the Housing and Urban Development Area Family Median Income (AMI) for Snohomish County is used for calculating housing affordability. According to the Commerce, about 3.5% of the housing units in the County are affordable to households making 30 percent of the Snohomish County AMI, also known as extremely low-income households. For households making 30-50 percent AMI (very low-income households), the situation is somewhat better, but still very challenging. About 13.5% of housing units are affordable to households making between 30-50 percent AMI.

Vacancy rates vary widely from jurisdiction to jurisdiction, but the overall vacancy rates for homeowners and renters have decreased in Snohomish County and are below optimal

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rates. For renters, the highest vacancy rate is a relatively healthy 5.20% in metropolitan cities, and the lowest rate is 2.52% in cities and towns. For homeowners, the highest vacancy rate is a tight 1.18% in unincorporated areas, and the lowest vacancy rate is 0.26% in core cities. Information on housing supply compiled by jurisdiction can be found in Appendix F.

### Forecasting Future Housing Need

The County Council has adopted initial population growth targets for Snohomish County jurisdictions that closely follow the target distribution in the Puget Sound Regional Council's regional growth strategy contained within the *VISION 2050* plan. The population target has been translated into a countywide total housing target for 2044 by:

- Projecting total future household population through the removal of future assumed group quarters population,
- Dividing the future household population by an assumed 2044 average household size to arrive at total projected households, and
- Adding vacant units needed for ample choice in healthy housing market to operate.

The passage of House Bill 1220 in 2021 assigned a central role to the Washington State Department of Commerce in providing countywide projections of housing needs, and for providing guidance for how counties, working in collaboration with their cities, can allocate these projected countywide housing needs to local jurisdictions. The steps to calculate countywide housing need for 2044 follow the guidance published by Commerce. Aspects of note in the Commerce guidance include:

- An assumption that housing units for the homeless population will be provided over time such that the share of group quarters population that was homeless, either unsheltered or living in shelters as shown in the 2020 Census, will be reduced to zero by 2044.
- A resumption of significant average household size declines over time in Snohomish County, from 2.67 in 2020 to 2.48 in 2044.
- An increase in the countywide vacancy rate to 6% by 2044, up from 4.6% countywide in 2020.
- The removal of seasonal units/vacation homes from the 2020 housing base since these units do not accommodate year-round residents.

For all of Snohomish County, Commerce projects that an additional 167,443 housing units will be needed by the year 2044 to accommodate the population target. This countywide housing unit need is then distributed to jurisdictions using Commerce guidance and the adopted 2044 population targets by jurisdiction. The projected housing needs range from 10 additional units in Index to over 38,000 in Everett, and 45,000 in the unincorporated urban areas with about 5,000 in the unincorporated rural areas. A more complete description of the development of the 2044 countywide housing need can be found in Appendix D of the report. In addition, Appendix D shows how the 2044 countywide housing need was distributed to individual jurisdictions within Snohomish County.

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Cities and counties planning under the GMA are now required to plan for housing affordable to all income segments. Commerce has broken down the countywide need by income band:

Population Target = 1,136,309	Affordability Level (% of Area Median Income)								Emergency Housing/Shelter Beds
	Total	0-30%		30-50%	50-80%	80-100%	100-120%	120%+	
Total Future Housing Needed (2044)	484,791	38,246	16,887	66,435	84,311	76,532	66,172	136,208	11,127
Estimated Housing Supply (2020)*	317,348	9,249	1,749	42,985	67,180	62,562	49,788	83,835	777
Net New Housing Needed (2020-2044)	167,443	28,997	15,138	23,450	17,131	13,970	16,384	52,373	10,350
* Note: Supply of PSH in 2020 is beds. However, projections of Net New Housing Needed (2020-2044) are in housing units. See Overview tab for details.									
Total Future Housing (2044)	100%	8%	3%	14%	17%	16%	14%	28%	
Baseline Housing Supply (2020)	100%	3%	1%	14%	21%	20%	16%	26%	
Net New Housing Needed (2020-2044)	100%	17%	9%	14%	10%	8%	10%	31%	

Commerce has provided two ready-made methods for allocating housing need to jurisdictions with their Housing for All Planning Tool (HAPT); Method A (Accommodating Needs through New Production Only), where all jurisdictions are allocated housing needs using the same percentage distribution as the overall countywide 2020-2044 housing need; and Method B (Fair Share), in which each jurisdiction’s current distribution of housing affordability was taken into account when allocating need such that the 2044 total future housing for all jurisdictions matches the 2044 Countywide Total Future Housing.

After reviewing the results from Methods A and B, an alternative Method C allocation was developed by the PAC HO-5 working group in response to concerns that Method A did not take into account the inequities in the existing distribution of affordable housing in the county, and that Method B generated negative allocations which was problematic for jurisdictions to address in their upcoming plan updates. Instead, Method C builds off of Method A but gives jurisdictions “credit” for their existing affordable housing supply to be closer to Commerce’s fair share model, while avoiding the negative numbers that Method B generates.

Following a review of the three methods for allocating housing needs by income and jurisdiction, the Planning Advisory Committee recommended Method C as the preferred methodology for allocating housing needs to Snohomish County jurisdictions. Appendix G shows the detailed jurisdictional allocations of draft 2020-2044 housing needs by income bands using Commerce’s Housing for All Planning Tool (HAPT) for Method C, as well as the Commerce produced Methods A and B.

### Housing Displacement

Displacement is a new topic not previously addressed in this report. Housing displacement is the involuntary relocation of households from their current residence, either through physical displacement (eviction, acquisition, or demolition of property), economic displacement (when households can no longer afford escalating housing costs), or cultural displacement (when households move because their neighbors and culturally related businesses have left the area). Displacement can have a life-changing negative effect on

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households that are directly impacted. It can also disrupt the social fabric and networks of trust and support that exist within a community.

The Countywide Planning Policies, the Multicounty Planning Policies, and state law have all acknowledge the importance of evaluating the risk housing displacement and establishing anti-displacement policies. As part of the VISION 2050 plan update, the Puget Sound Regional Council (PSRC) updated and developed tools to guide and strengthen policies and actions addressing displacement. The PSRC developed the Displacement Risk Mapping tool that combines data on local community characteristics into an index that classifies areas as having lower, moderate, or higher risk of displacement based on current neighborhood conditions.

The HO-5 Report uses PSRC's risk mapping data. The location with the highest risk of displacement is the southwest urban growth area of the county. Most of the census tracts along both the I-5 and SR 99 corridors show moderate to high displacement risk. This includes cities and the urban unincorporated area of the county. Census tracts showing the highest risk of displacement are in south Everett, south Lynnwood, and parts of the urban unincorporated county. The cities of Arlington, Marysville, Snohomish, and Monroe include census tracts with moderate displacement risk.

### Residential Land Supply

In order to accommodate the future housing need, the supply of land for residential uses must be known. Fortunately, the *2021 Buildable Lands Report* does just that by identifying residential land that is available to accommodate new housing development, based on existing land use and zoning regulations. In cases where existing capacity falls short of the amount needed to accommodate a jurisdiction's housing needs to the year 2044, jurisdictions are expected to update their plans, zoning or other development regulations in ways that remedy the shortfalls.

Within the Southwest Urban Growth Area (SWUGA) there is an estimated residential capacity to accommodate just over 10,000 additional single-family homes. Most of the capacity is within the High Capacity Transit Communities, and just over 44% is within the "pending" land category, meaning that a land development proposal has been submitted to the local government, but no development has actually been completed. The available capacity for multi-family units in the SWUGA totals about 55,000, with again the majority of capacity being in the High Capacity Transit Communities. Over 68% of this capacity is on land classified as "redevelopable," meaning that there are existing uses and/or physical improvements that necessitate some level of demolition and clearance in order to capture the full capacity.

In the outlying UGAs, additional residential capacity totals about 32,000 units, with about 18,000 in single-family units and 13,000 in multi-family units and senior apartments. Most of the single-family capacity and virtually all of the multi-family capacity is within the outlying cities and towns, with the unincorporated areas accounting for about 10% of the total residential capacity in the outlying UGAs. Over 75% of this residential capacity is on

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land classified as either “redevelopable” or “partially used,” which is usually somewhat more difficult to develop than vacant land.

### Local Strategies and Tools

In order to coordinate on reporting housing data and strategies to inform updates on their comprehensive plans, the Housing Strategies Local Government survey was sent to all cities, towns and the county. The survey allows each jurisdiction to provide a comprehensive update on the different strategies they utilize to promote housing. The 2022 survey is a significant expansion of the housing strategies surveys completed in 2007 and 2013. Greater survey results can be found in Appendix E. Additional resources and tools have been or are being developed at the regional and state levels to help local jurisdictions better meet the housing directives found in the GMA and in *VISION 2050*.

In updating local housing elements of the comprehensive plan, it falls to each jurisdiction to monitor housing activity within their borders and to assess the need to revisit, refine, and expand their programs and strategies, as needed, to achieve the overall housing objectives articulated in the countywide planning policies for housing.

One mechanism frequently used is allowing accessory dwelling units (ADUs) within single family zones which helps increase the supply of affordable housing and senior housing (since the ADUs are especially attractive to some senior empty-nesters).

Housing affordability is a major issue for all jurisdictions in Snohomish County. Under state legislation, all jurisdictions need to plan for and accommodate housing affordable to all economic segments of the population. Jurisdictions are implementing policies that support affordable housing options for residents. This includes permitting a variety of housing forms and densities, supporting non-market housing construction, and implementing flexible zoning standards.

Some municipalities are supporting programs that allow seniors to live and age in place. These are important considerations of the County’s overall population ages.

A major issue for jurisdictions is increasing the variety and housing forms and densities. Historically, most of the housing stock within Snohomish County has been low-density residential, characterized by single-family housing. Shifts are occurring to support more housing varieties and types including duplexes, multiplexes, townhouses, and apartments. Several jurisdictions are working to incorporate duplexes, multiplexes, and townhouses in some low-density residential zones.

Jurisdictions support flexible zoning and development regulations to increase affordable housing options. This includes creating flexibility in lot sizes, setbacks, sidewalks, and street widths. Several jurisdictions are considering reducing parking requirements for multi-family residential developments, and new developments near transit facilities.

Nine of the respondents to the survey were developing, completed, or were in the process of implementing a Housing Action Plan (HAP), which are tools that define strategies and implementing actions that promote housing diversity, affordability, and access to opportunity for residents of all income levels.

### Key Issues

The data and projections in this report indicate that housing supply and affordability are increasingly important issues for Snohomish County, as they are for jurisdictions across Washington State. The state legislature has in the last few years passed a number of housing bills to address the housing crisis, and jurisdictions will need to adapt their housing strategies to implement these changes. The implementation of HB 1220, in particular, represents a significant change in how we plan for housing. The GMA goal for housing has been strengthened from encouraging affordable housing to directing jurisdictions to plan for and accommodate affordable to all economic segments of the population. The new requirements for updating housing elements support this goal.

The information in this report should greatly assist jurisdictions' efforts to develop policies, strategies, and regulations that will remove hurdles and facilitate the creation of housing units to meet the needs of Snohomish County residents. The need for more housing that is affordable to households earning between 0-30% of the Area Median Income is significant; currently about 4% of the housing countywide is affordable to these households and 26% of the total housing built between 2020-2044 housing would need to be affordable to households in this income band to meet our 2044 projected countywide need. This type of housing generally needs to be subsidized. Since for the most part the county and cities do not create housing units, the success of these efforts will be determined by housing providers, both public and private, in combination with an adequate supply of appropriately zoned developable land. And in the end their success, especially for public housing agencies, is largely dependent on funding from state and federal government. The continued focus by the state legislature on the issue of housing affordability may mean that more legislation and possibly more funding could be available in the future.