



Findings from Affordable Housing Developer Outreach | July 2023

Housing access, affordability, and choice are challenges for every jurisdiction in the central Puget Sound region. In recognition of the housing crisis, the Washington State Legislature passed House Bill 1220 in 2021 to amend housing element requirements under the Growth Management Act and create new planning responsibilities for jurisdictions. Cities and counties are now required to do more to promote affordable housing development by identifying barriers to housing availability, such as gaps in funding sources, development regulations, or other limitations (RCW 36.70A.070(2)(d)). The Department of Commerce housing guidance specifically recommends outreach to affordable housing developers to understand preferred zoning characteristics as well as barriers and strategies to address affordable housing needs.

In an effort to streamline developer outreach and identify overall themes within the region, PSRC conducted outreach to local affordable housing developers via a survey and focus group interviews. PSRC received completed surveys from 27 different organizations to create a high-level analysis of the barriers to develop affordable housing and organized focus group interviews with ten of the survey respondents. Jurisdictions may use this information to help identify barriers to housing during their comprehensive plan updates as required by the Growth Management Act. This research is intended to be used as a “cheat sheet” or guide so jurisdictions can quickly reference key themes present throughout the region and identify which are most relevant to their locality.

Developer Questionnaire

PSRC developed a questionnaire focused on barriers and opportunities to develop affordable housing in communities. The target audience for the questionnaire was affordable housing developers, attainable/market rate housing developers, and other relevant stakeholders in housing development. PSRC staff worked with subregional housing groups to review the questionnaire and distribute it to their networks. The questionnaire was open for two weeks, and additional outreach was completed to ensure geographic distribution of responses. Figures 1 and 2 show the development type and typical geographic scope for survey respondents.

“Homebuilders respond to demand for housing, we do not create it. We cannot meet this demand without working in partnership with cities.”

- Survey Response

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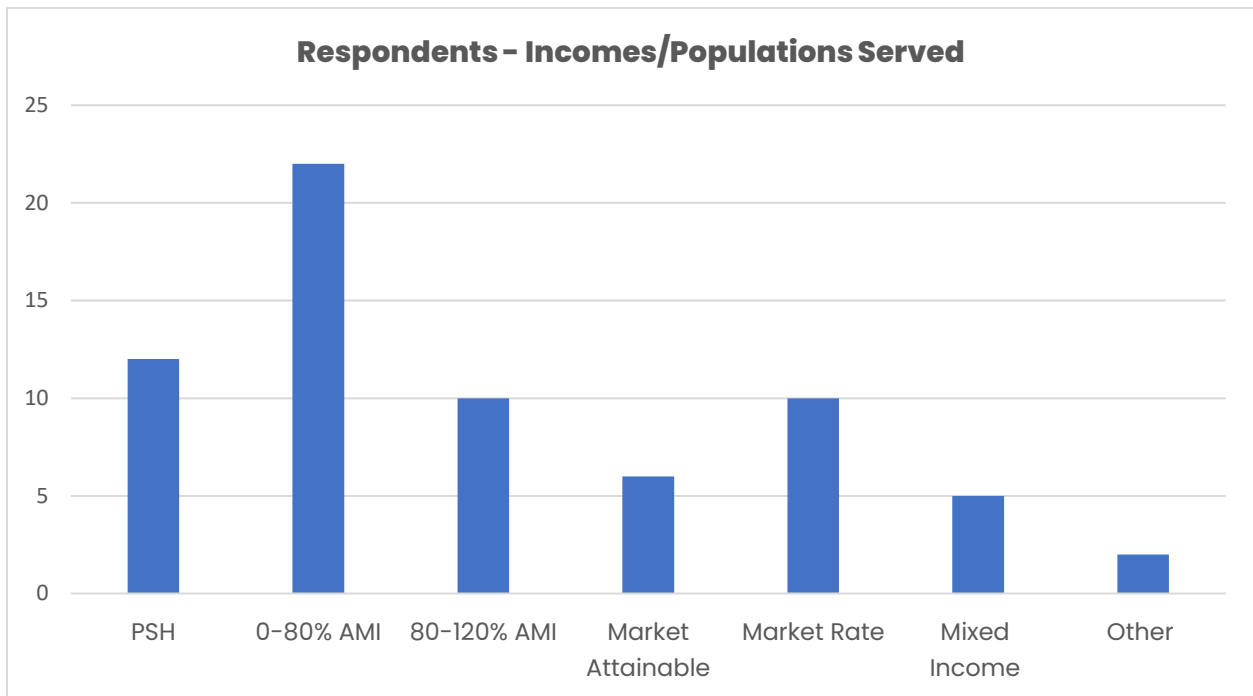
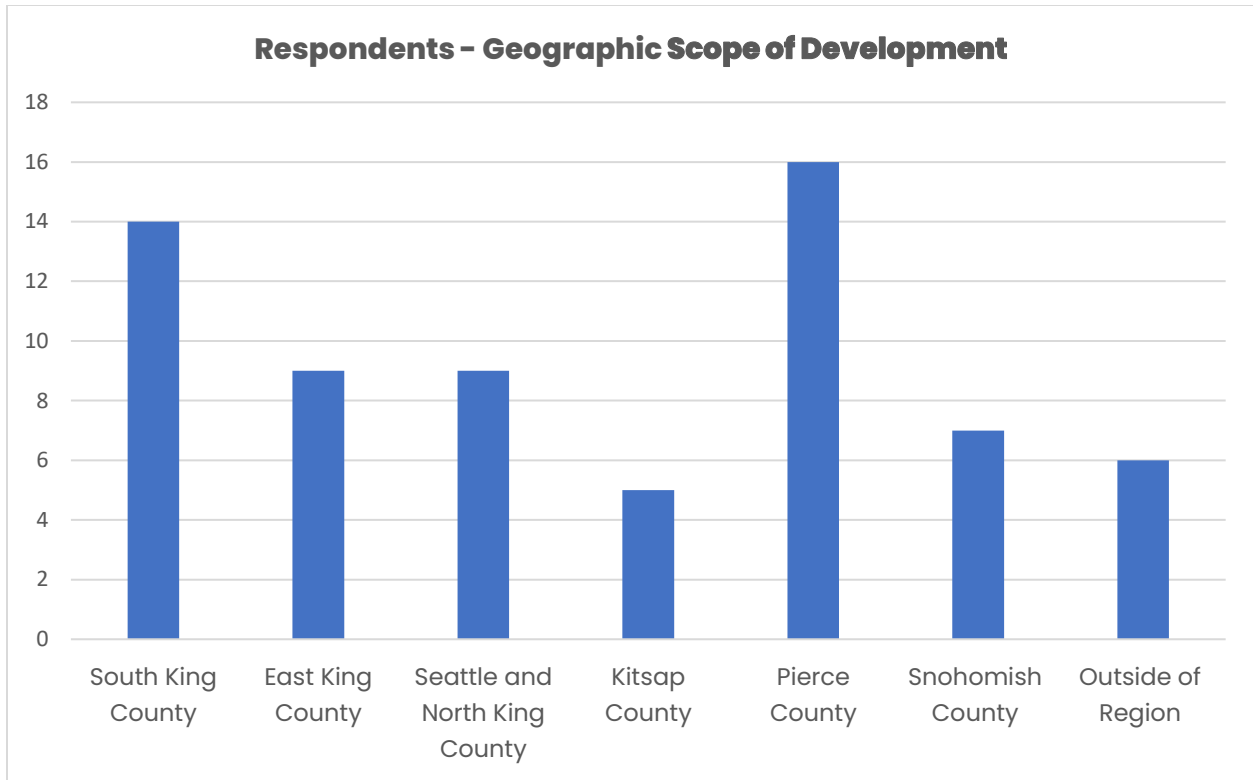
The list below is comprised of agencies/firms who completed the questionnaire and indicated an interest in further collaborating with local planning staff as needed.

- ASIA PACIFIC CULTURAL CENTER
- Babbit Construction Company, LLC
- DASH/CIRC
- Devco Residential Group
- Ferguson Architecture
- GMD Development
- GS Consulting
- Habitat for Humanity - Tacoma / Pierce County
- Homeownership Center NW
- Homestead Community Land Trust
- King County Housing Authority
- Legacy Group Capital
- Louis Rudolph Homes
- Multi-Service Center
- Northwest Cooperative Development Center/ROC Northwest
- Panza dba Quixote Communities
- Soundbuilt Homes
- Southport Financial Services
- Together We Grow (TWG)
- Village Life, Inc.
- William Towey

Developer Focus Group

PSRC organized focus group interviews over two days, with a total of ten participants. They were run as informal conversations, guided by the main themes identified within the questionnaire.

Participants were able to expand upon what they had said in the questionnaires and provide new takeaways and information that informed additional themes.



What We Heard

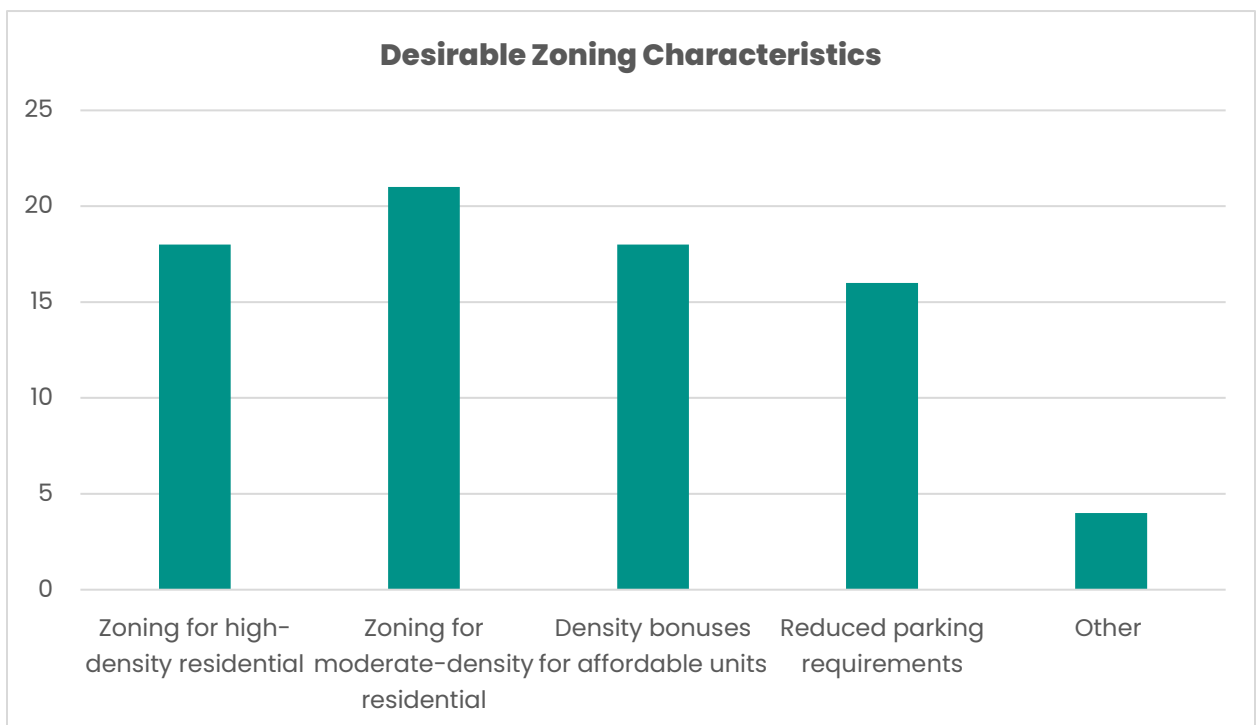
The responses provide valuable insight and highlight factors that impact the availability and success of affordable housing across the region. Key takeaways include:

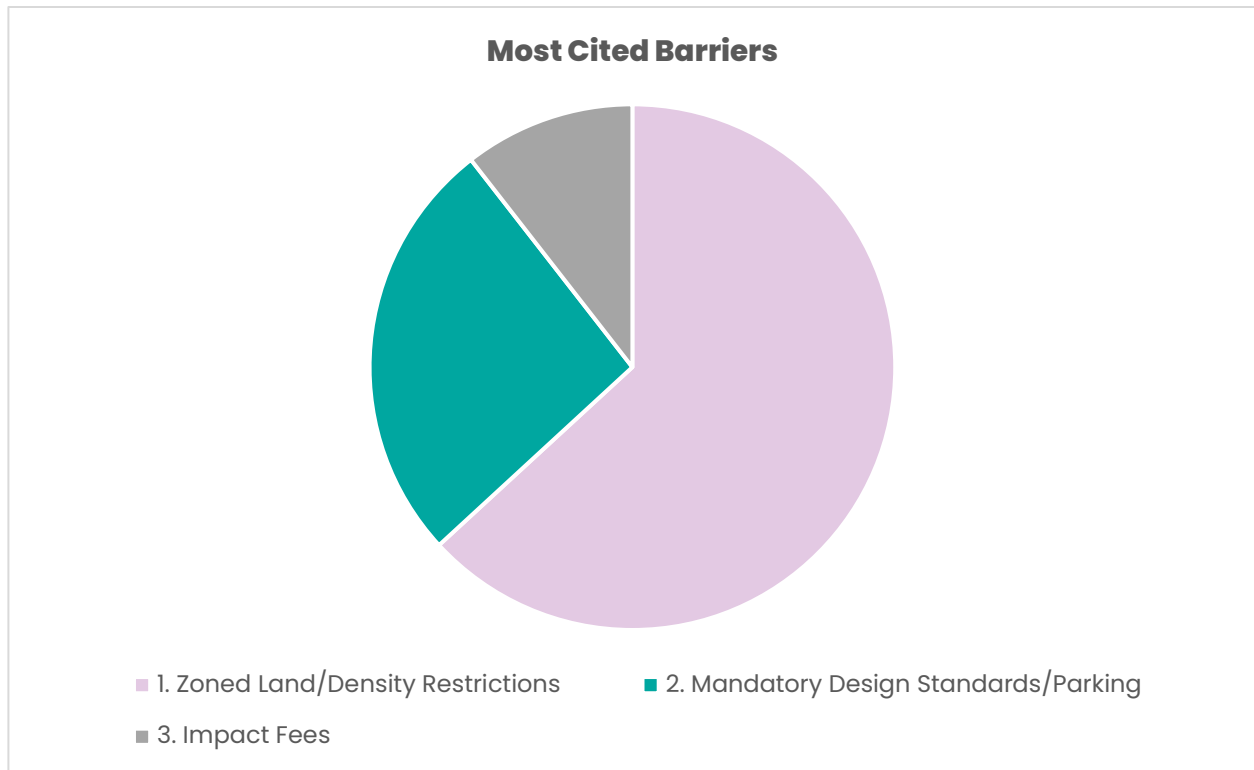
- **Zoning** was consistently listed as the biggest barrier to developing more affordable housing. Respondents noted that they did not believe land was being used as efficiently as possible and there was not enough urban land available for residential development. With this, affordable housing developers said there is an overabundance of single-family zoning, making it increasingly difficult to create more affordable housing opportunities. Respondents emphasized the value of allowing development by right and avoiding time-consuming rezones and comprehensive plan amendments. As such, changes in zoning and density could help expand opportunities for affordable housing. The survey asked which zoning characteristics developers look for in building new units. Specifically, respondents noted they look for moderate density residential zoning, followed closely by high density residential zoning, density bonuses, and parking reductions.
- **Mandatory standards** such as requirements for ground floor commercial space, open space, and parking minimums are well-intentioned but can be costly and provide additional barriers. Developers noted that ground floor commercial spaces can sit empty in some markets, which can drive up project costs. Stakeholders discussed that while some of these regulations—particularly commercial and open space requirements—were good additions in theory, in reality, they didn't always improve projects or add value to residents. Respondents observed that the number and size of required parking stalls limit the viability of some projects. Developers cited that some local governments provide more flexibility on how to meet community amenities and parking requirements, which can make projects more viable.
- **Fee flexibility and permit reform** can be transformative in development projects as the time and cost associated with permitting processes and fees can be burdensome. Local jurisdictions can encourage development by being flexible with fee abatement/exemption where it's possible. Waiving or decreasing fees such as permitting or impact fees, in addition to expedited permitting processes, can decrease project costs, allowing more projects to pencil in a cost constrained environment. One respondent stated that permit fees and delays can increase project costs by 30-40%. Other impacts were also present; respondents cited the cost of utility hookup and impact fees and costs associated with design review.
- **Clear and efficient communication is a key part of success.** Communication with cities and counties surrounding zoning/land-use, development requirements, and general project

"Clarity is important. Speed is second."
- Survey Response

needs can prove to be a significant barrier in project success. Participants noted that there is often a lack of communication between departments, and important information can be missed, confused, be delayed in its delivery. Participants discussed having success with cities that appointed a project expeditor who acts as the single point of contact and ensured that information was consistent and efficient for all parties.

- **Public opposition can be a powerful barrier.** Public opinion in projects can play a large role in the success and finalization of zoning changes, temporary housing, and housing for houseless communities. When there is significant public opposition, projects can be hit with delays and political pushback.
- **Creativity is essential** in mitigating potential and real barriers allowing for more innovative solutions. Rigid regulations and code can create barriers in cost, time, and process for developers. By collaborating, jurisdictions and developers can find ways to be flexible, adapt the code, and find compromises to narrow down project priorities. For example, Tacoma adopted an approach used in Oakland, California, and created a Live/Work and Work/Live code so commercial business and residential uses can exist in the same space. This means that residential ground floor units can be transformed into commercial space if market demand changes over time. Other ideas, such as making the ground floor *look* commercial but really allowing it to simply house resident services was a collaborative approach from a developer and jurisdiction. This allowed them to bypass commercial space requirements by finding a solution that met the needs of the city while saving time and costs.





Identifying Barriers

While there are many aspects of affordable housing development that are out of the hands of local government, there are steps cities and counties can take to facilitate development and make the process cheaper and easier. Zoning more land for moderate and high-density development, waiving impact fees and other development costs, expediting the permitting process, and streamlining the design review process were all strategies identified in the survey and focus groups. Jurisdictions have provided flexibility on achieving community goals like open space and ground floor commercial amenities, which can also make projects more viable. Building parking is a significant cost, and reducing or eliminating parking requirements, including the number and size of required stalls, can help make projects pencil out. City and county staff can also help to create a collaborative environment to develop new affordable housing. Reducing time and adding predictability in the permit process provides real cost savings to affordable housing developers.

“Another bigger picture issue is the perception that developers are causing need for housing. The fact that we need more housing shows that the economy is strong and that companies are expanding and want workers to be here. But the public perception is that it’s all the developers fault.”

- Focus Group Response

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The findings from this research seek to serve as a starting point for jurisdictions working to meet the new GMA requirements. It can be used as a guiding document for further outreach and research or can serve as the basis for identifying local themes amongst jurisdictions within the Puget Sound Region. The guidance provided in the document identifies takeaways relevant to the entire region.

PSRC adopted the Regional Housing Strategy in 2022 to guide the implementation of housing policies outlined in VISION 2050. PSRC supports jurisdictions in their efforts to adopt best housing practices and establish coordinated local housing and affordable housing targets by providing data, guidance, and technical assistance. Please visit [PSRC's Housing webpage](#) for more housing information and tools.

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