Understanding the Housing Crisis' Impacts in: Snohomish County

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We Have A Housing Crisis (We Know!)

- We know the solution (Adequate housing! Don't discriminate!)
- So why am I here? Public doesn't understand the issue
  - What does the normal person understand about the crisis? "Things are expensive!"
  - But specific solutions are still met with narrow focus skepticism
- My background: 2016-2025 Alliance for Housing Affordability – provided cities with data, technical support, education
  - Found elected officials persuadable, who then lost their job in November because the public wasn't with them
- My goal today: Show the interconnected nature of housing using my county
- My other goal: Show how our industry mission parameters have changed rapidly

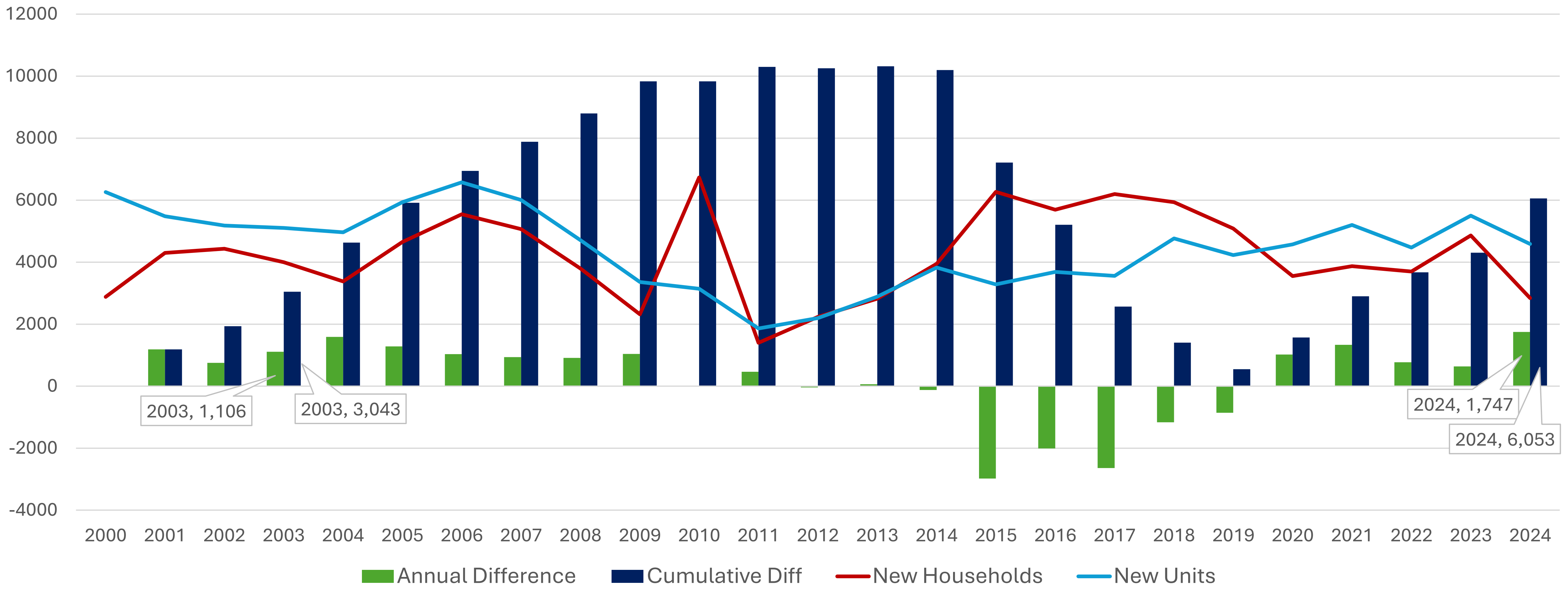
Snohomish County

- 833,540 people; 328,346 housing units; a little bit of everything WA
  - Urban, Suburban, Rural, Agriculture, Fresh & Salt Water, Mountains…
  - Politically purple, 3/2 D/R on County Council
  - Influenced by Seattle & King County, its own regional centers (Everett, Boeing/PAE, Lynnwood/Alderwood Mall)
  - Pockets of wealthy, poverty, opportunity… and so on

- Large, but not unknowably vast

- A good place to use as a case study (maybe I’m biased)

The Problem In One Slide



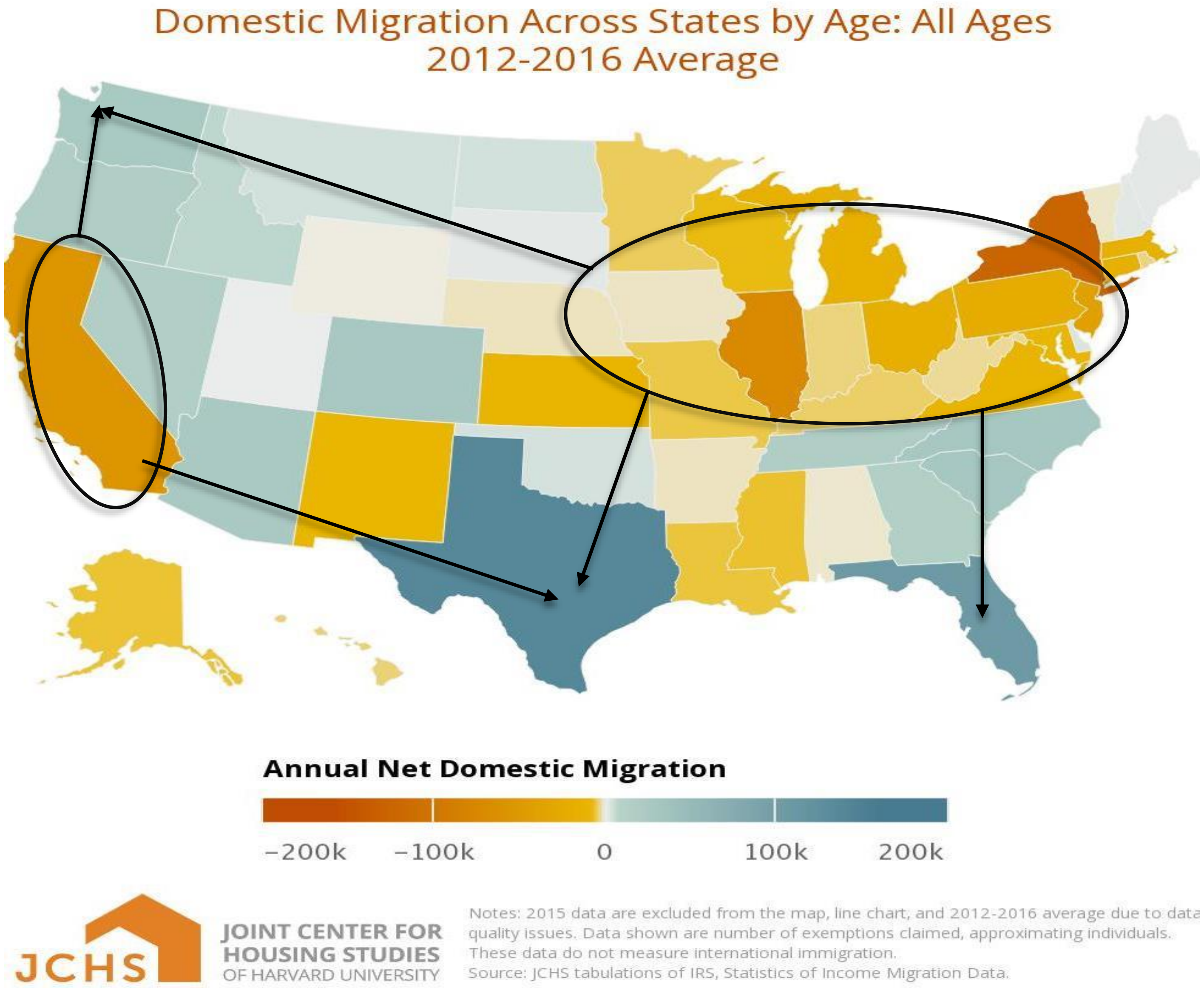
Housing Stock

Annual Surplus

Total Surplus

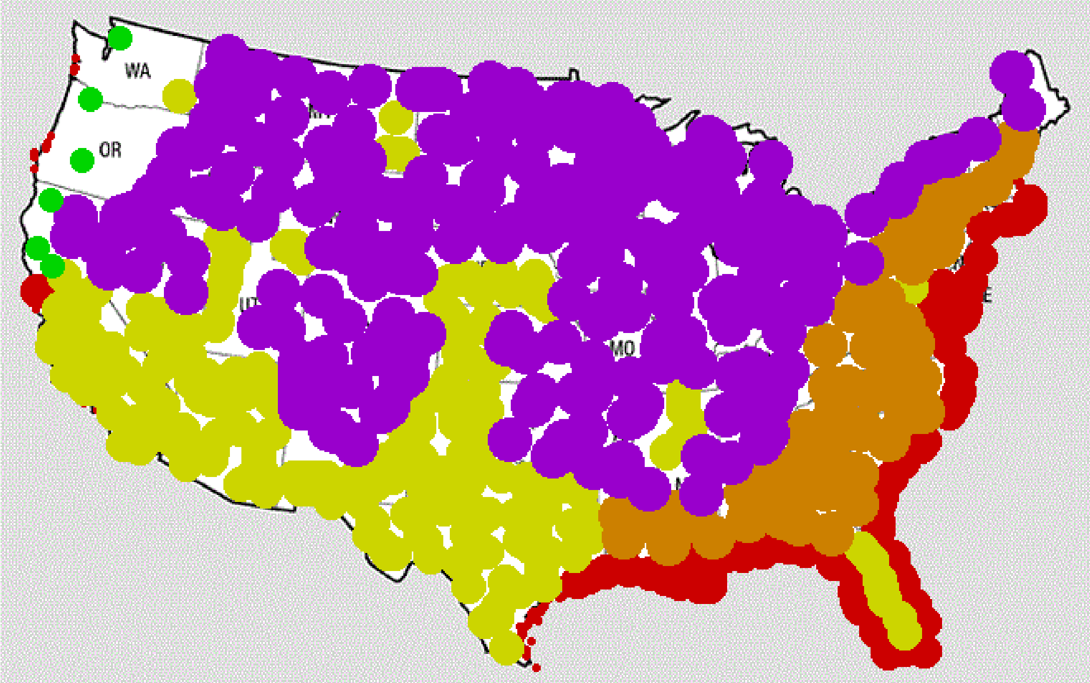
Sources: Office of Financial Management; Snohomish County Assessors Office; US Census Bureau via St. Louis Fed, Dupre & Scott, Commercial Analytics, AHA Staff analysis of Apartments.Com Data

What Happened?



Will It Keep Happening?

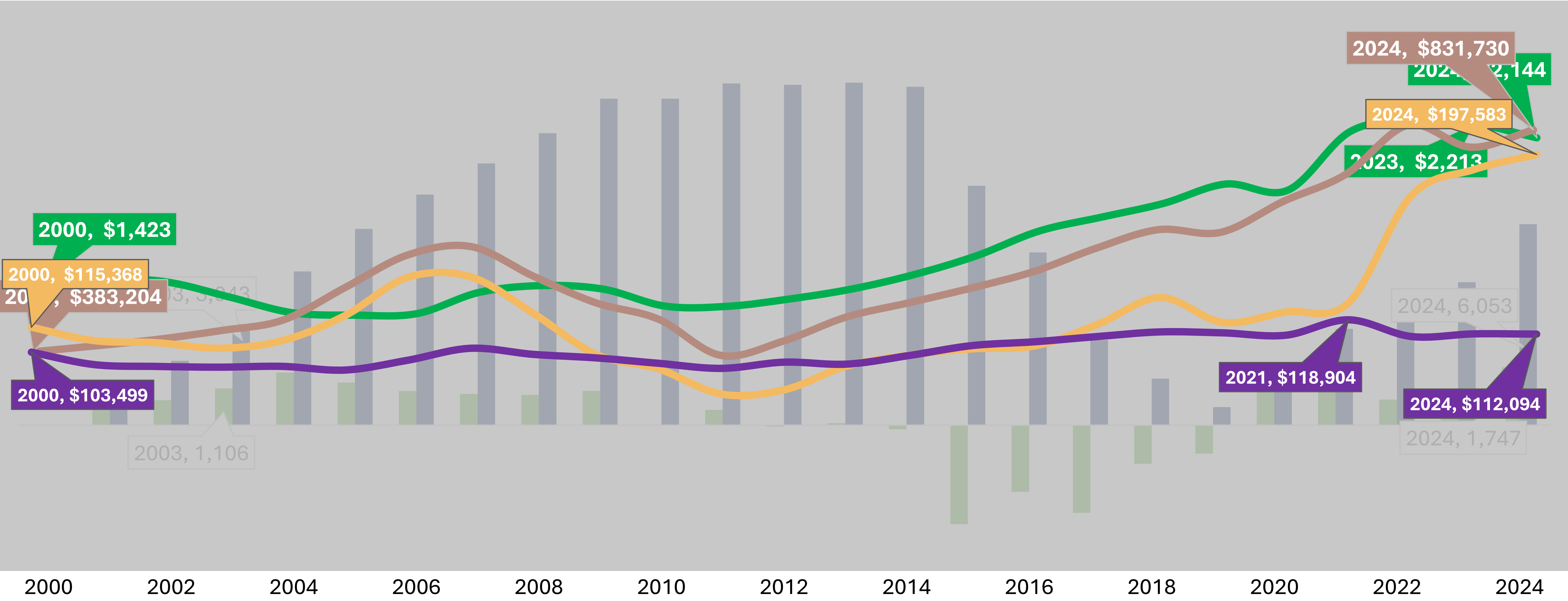
Extreme weather events by region



- Hurricanes & sea level rise
- Hurricanes & flooding
- Substantial heat wave risk
- Highly stressed for water supply
- Increased flooding due to atmospheric rivers

Source: Cliff Mass, UW Meteorologist

The Problem In One (more) Slide



Housing Stock

Annual Surplus

Total Surplus

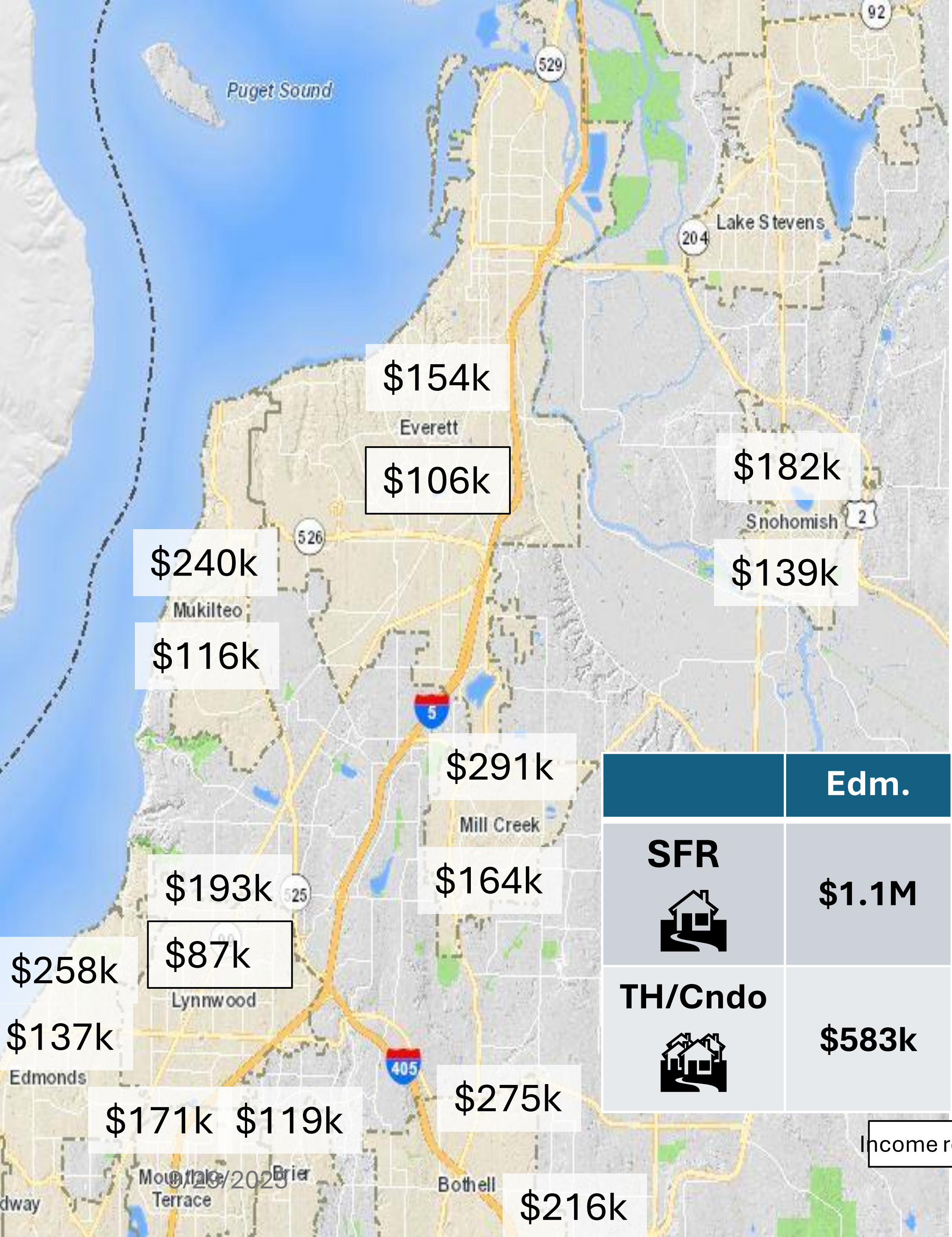
Median Sale Price

Required Income

Median Income

Avg. Rent

Sources: Office of Financial Management; Snohomish County Assessors Office; US Census Bureau via St. Louis Fed, Dupre & Scott, Commercial Analytics, AHA Staff analysis of Apartments.Com Data



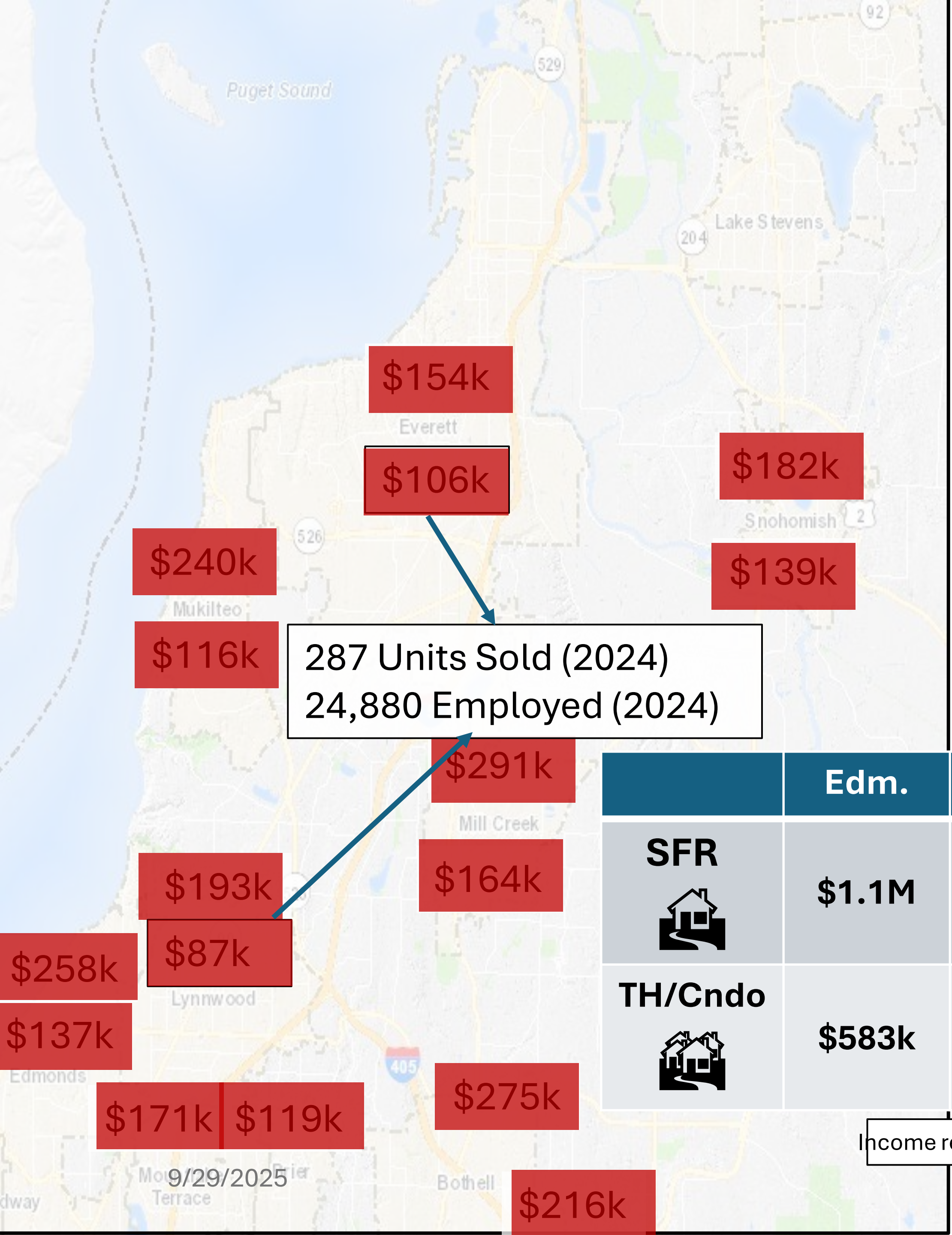
Occupation:	25th Pct	50th Pct	75th Pct
Dentists, General:	$151k	$209k	$216k
Database Administrators:	$85k	$133k	$160k
Electrical Engineer:	$106k	$135k	$169k
Accountants & Auditors:	$80k	$99k	$127k

In 2024:
Who Could Buy Where?

	Edm.	Lynn.	MLT	Mill C.	Muk.	Evrt.	Bothell	Sno.
SFR	**$1.1M**	**$819k**	**$724k**	**$1.2M**	**$1M**	**$646k**	**$1.17M**	**$756k**
TH/Cndo	**$583k**	**$370k**	**$500k**	**$693k**	**$490k**	**$444k**	**$909k**	**$578k**

Income requirement based on sale price, annualized interest rates, 30-year term, 10% down pmt., 33% DTI, real property tax figure

Sources: US Bureau of Labor Statistics OES Estimates; Snohomish County Assessors Office; HASCO Staff
Map Credit: Snohomish County Assessors Office, Snohomish County Online Property Information (SCOPI)



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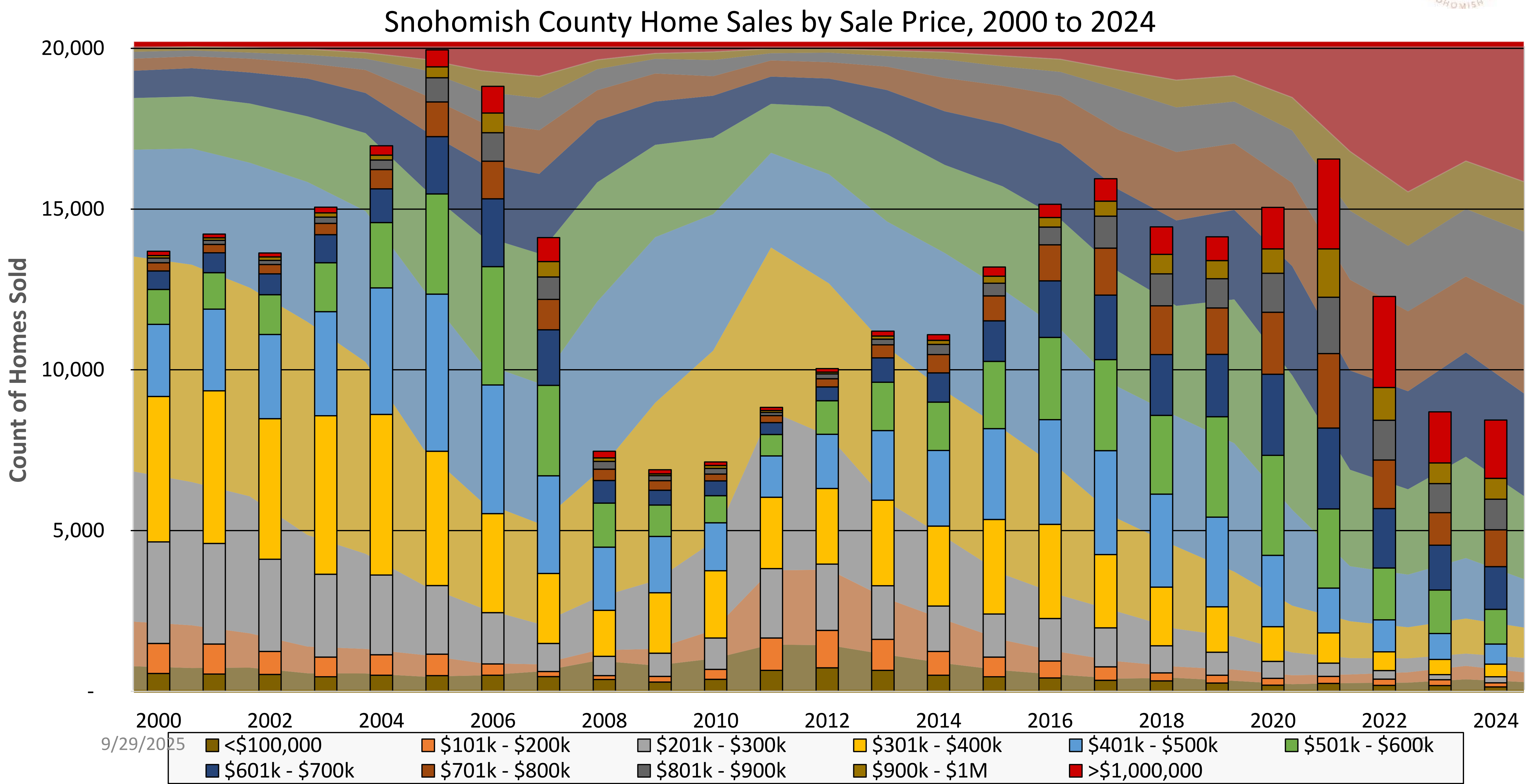
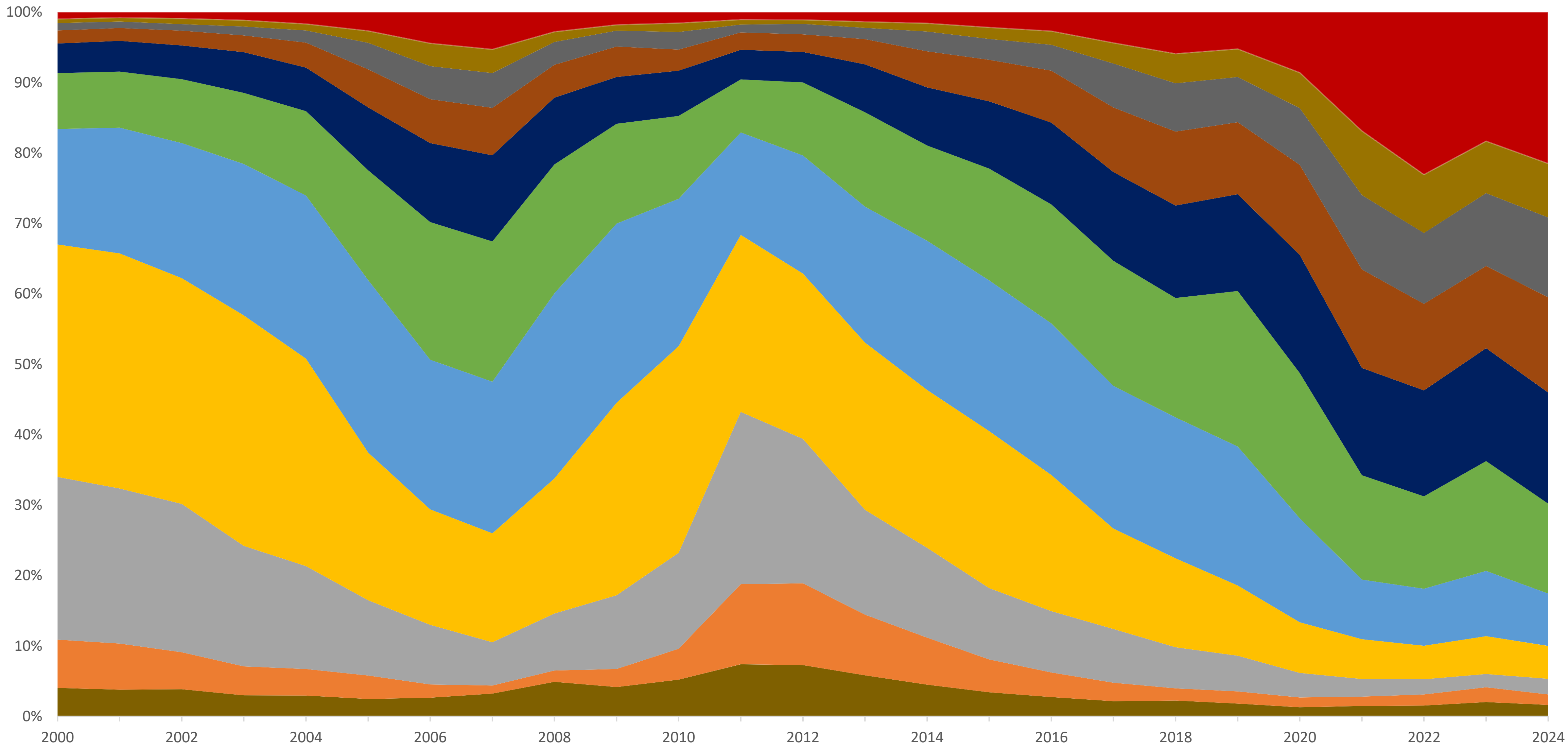
Declining Affordable Ownership

Source: Snohomish County Assessor, Analysis by HASCO Staff

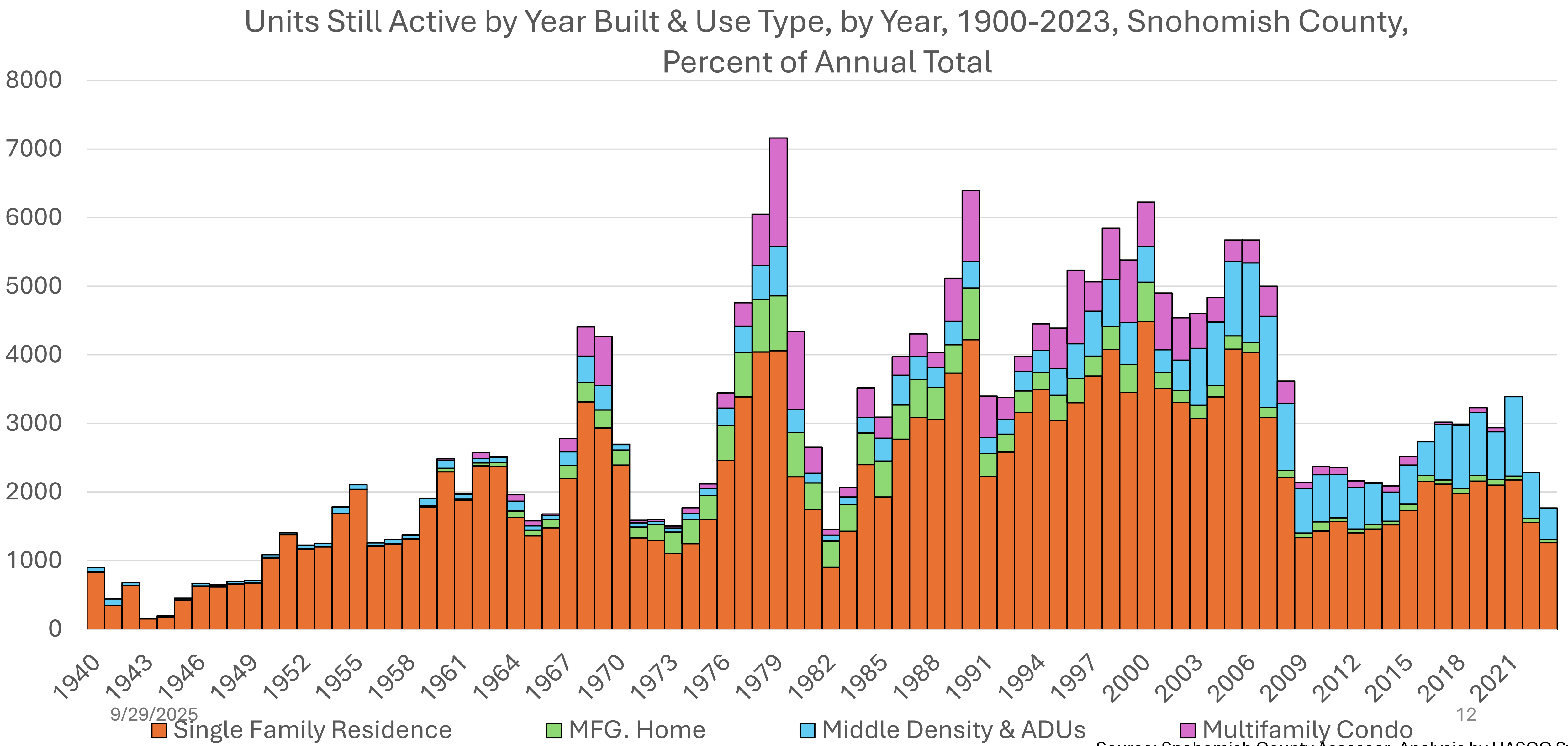


Declining Affordable Ownership

Source: Snohomish County Assessor, Analysis by HASCO Staff



Why? In part, production decline



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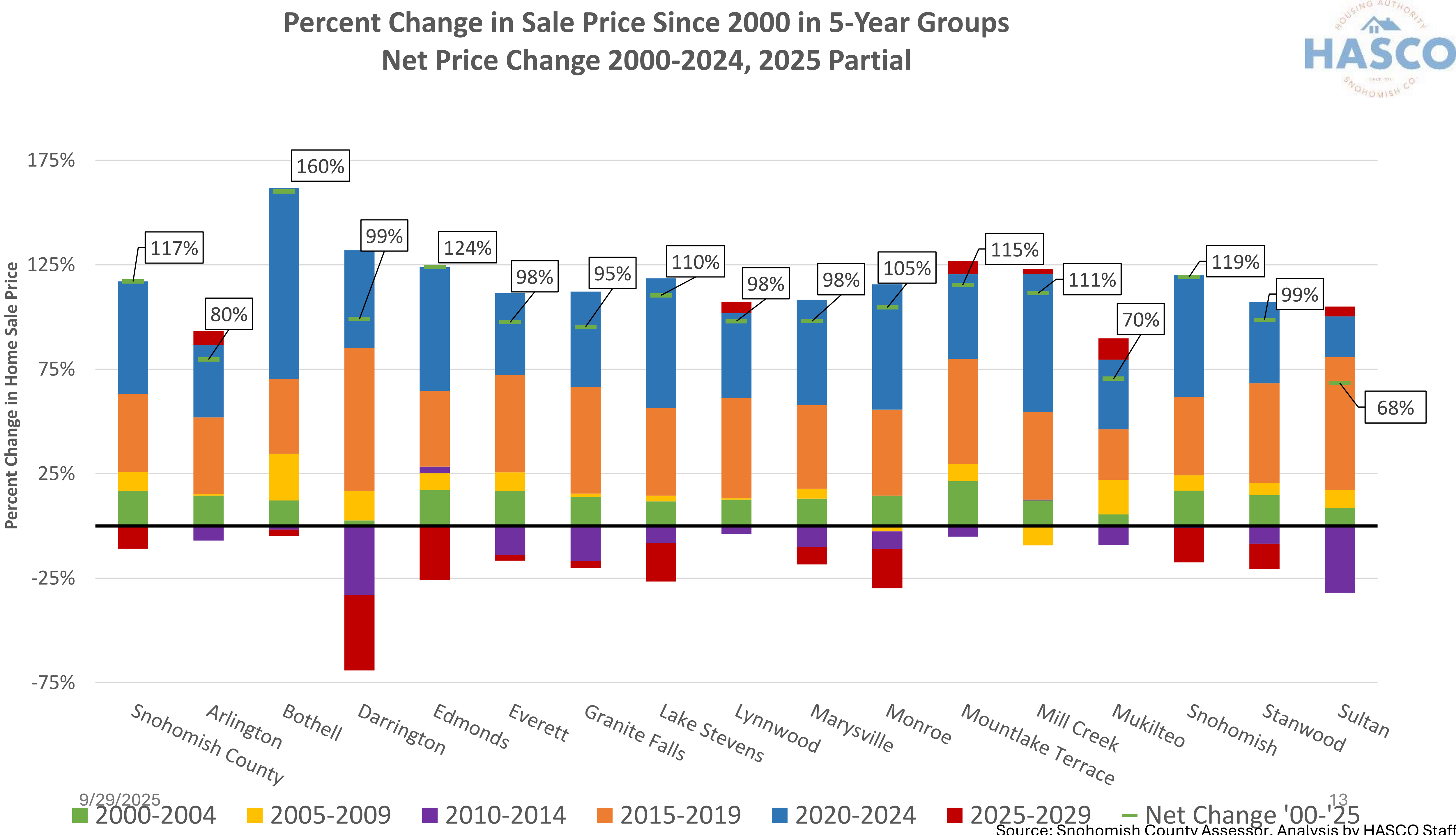


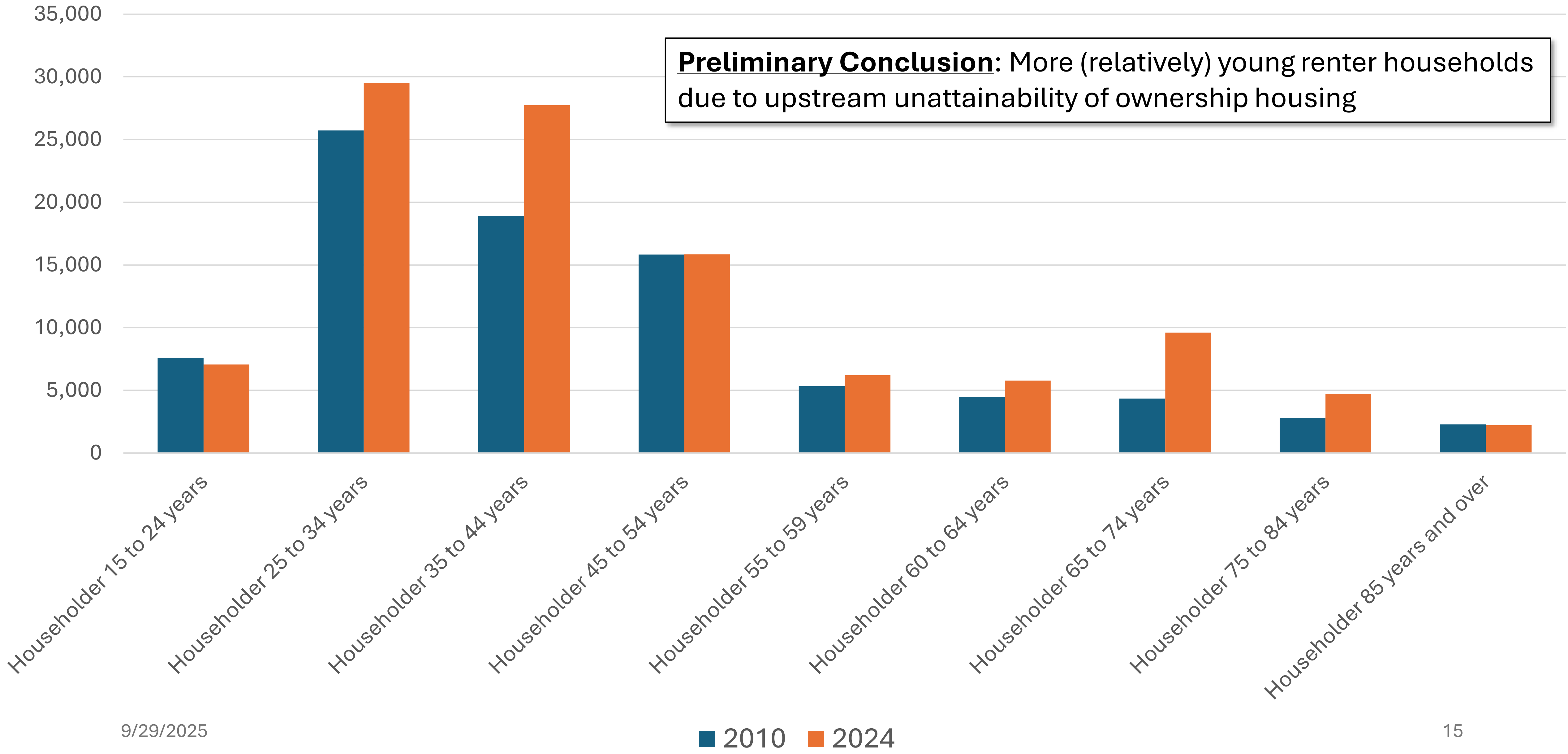
Source: Snohomish County Assessor, Analysis by HASCO Staff

Ownership Summary

- Washington a popular place to live – economics, climate, more
- Unit production, low after Recession, lower after COVID-19
- **Median wages** struggle to afford ownership – what/where is the starter home of today?
- Prices exceed buying power of all but ~10% of region's workforce (see me in a slide or ten for more)
  - 20% of sales >$1M; sales declining precipitously (golden handcuffs)
  - Affordable* options, <$400k, are 40% MHPs or 43% condos
- Declining mobility in ownership options for changing life stage
  - Meaning yesterday's first time homebuyers remain renters
- The top of the market is breaking down, with downstream consequences

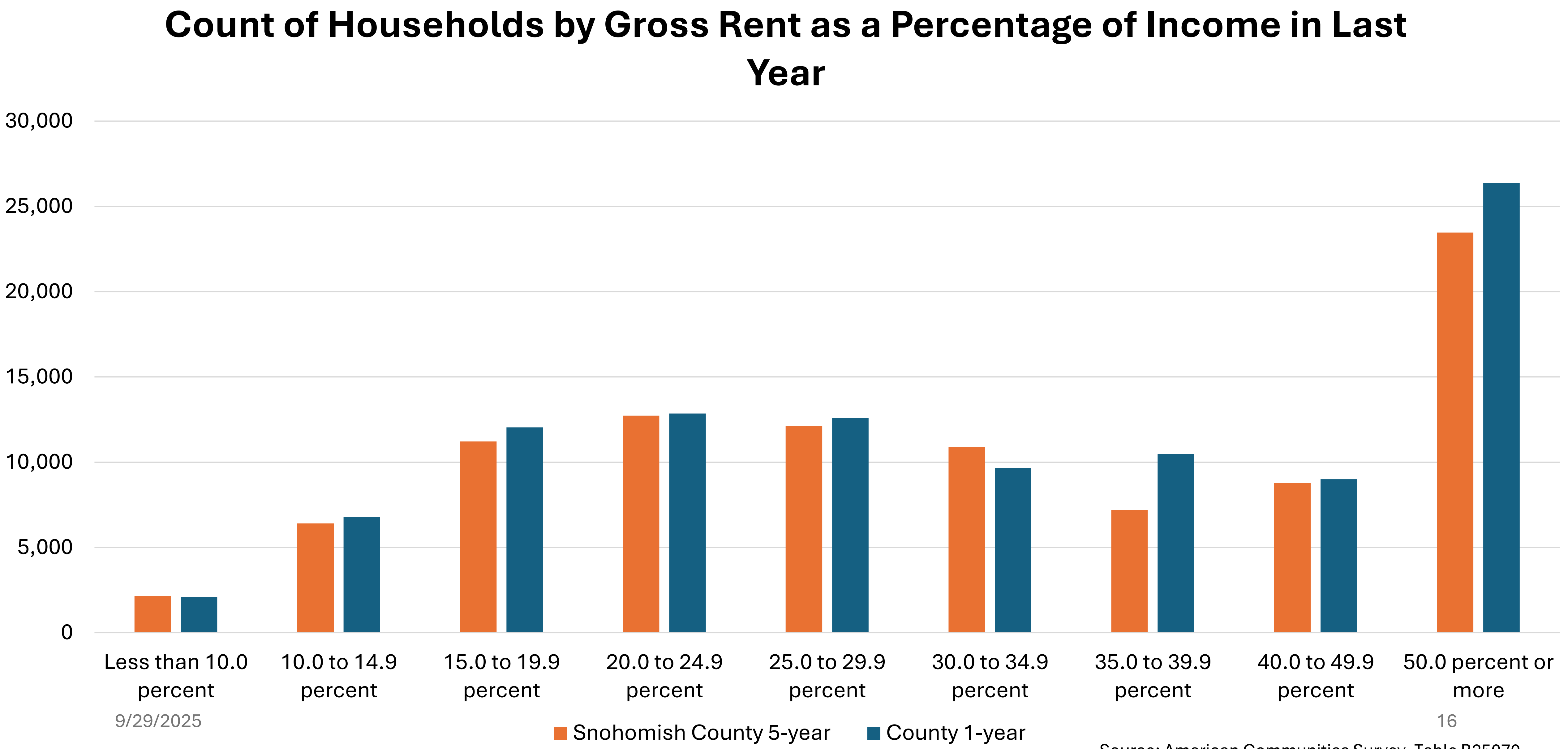
Age of Householder, Renter Households, Snohomish County 2010 v. 2024

<u>Preliminary Conclusion</u>: More (relatively) young renter households due to upstream unattainability of ownership housing



Source: American Communities Survey, Table B25007

Cost Burden Rising



Source: American Communities Survey, Table B25070

Rental Snapshot

	2000	2013	2022	2025
County Average	1,461/mo	$1,440/mo	$2,353/mo	$2,106/mo

- Rents +0% after inflation adjustment, 2000-2013
- Increase 63% between 2013-2022
- Average rents decline in 2024/25
  First time in 15 years

Last Time a Single-Family Home Cost Less Per Month Than a 3BR Today:

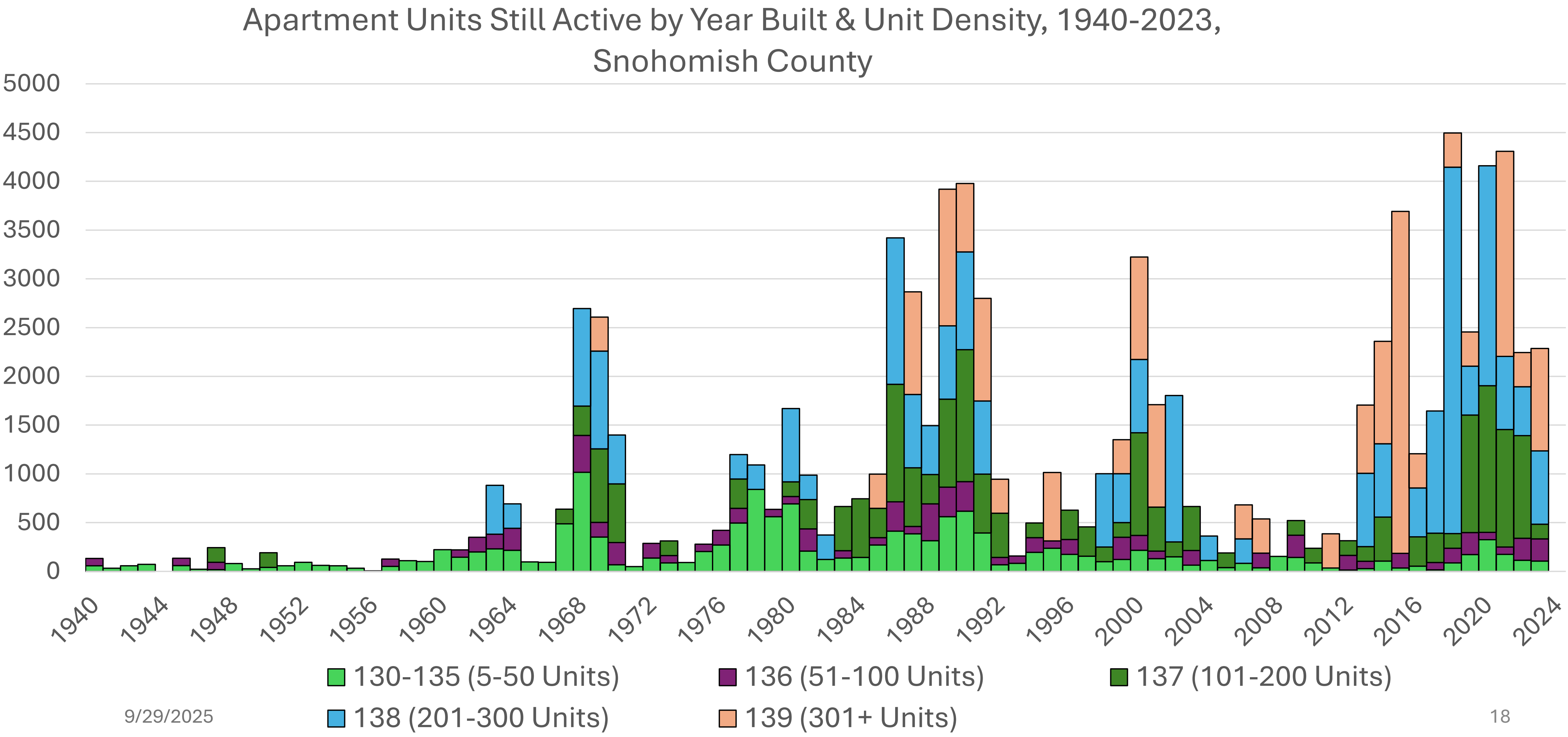
2014: $2,651/mo

Type	SnoCo Jul. 2023	SnoCo Jul. 2025	2-Year % Change
All	$ 2,313	$ 2,093	-10%
Studio	$ 1,752	$ 1,553	-11%
1BR	$ 2,098	$ 1,875	-11%
2BR	$ 2,530	$ 2,223	-12%
3BR	$ 2,952	$ 2,540	-14%

- 81% of Snohomish County Owners Moved in 2014 or Earlier
  (470,000 of 576,000)

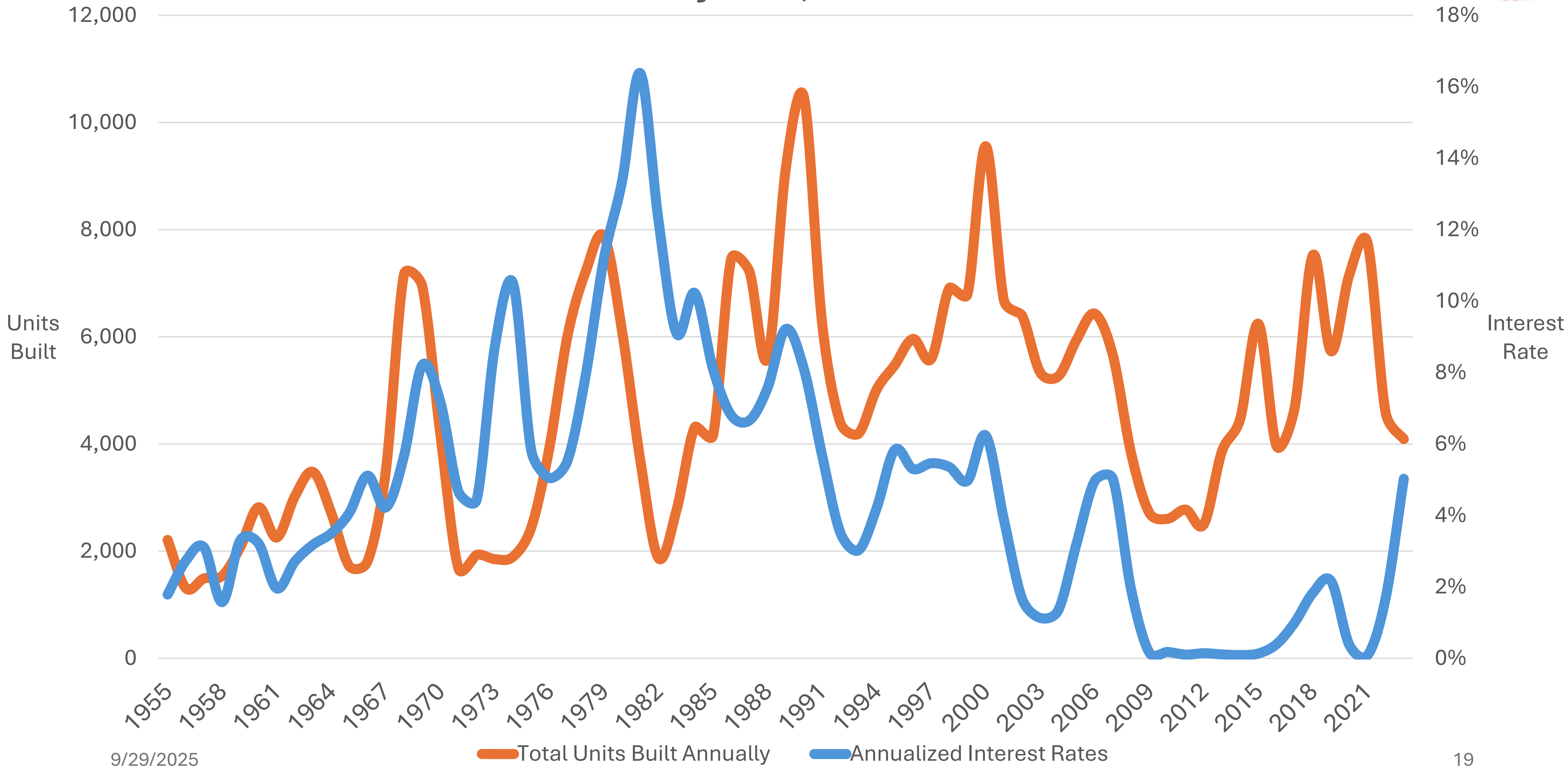
Sources: Snohomish County Assessors Office; Dupre & Scott, Commercial Analytics, HASCO staff analysis of Apartments.Com Data, US Census Bureau ACS Table B25026
Mortgage terms based on median sale price, annualized interest rate for 30-year mortgage reported by Freddie mac, 10% down payment, Snohomish County average property tax & insurance rate based on annualized average assessed value of sold homes

Why? In Part, Production



Source: Snohomish County Assessor, Analysis by HASCO Staff

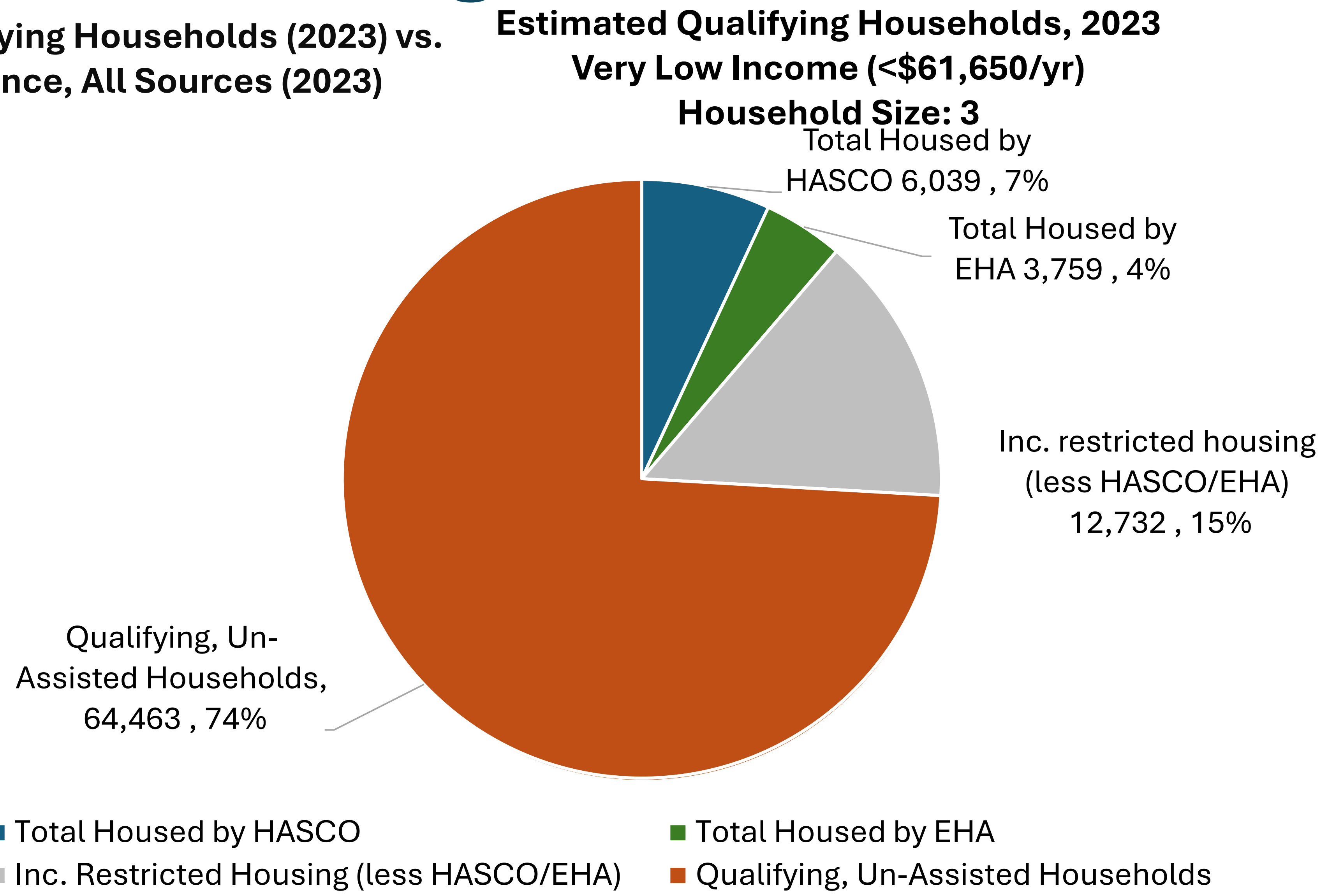
Total Housing Units Built in Snohomish County vs. Federal Interest Rate By Year, 1950-2024



Source: Snohomish County Assessor, Freddie Mac 30-year mortgage interest rate from https://www.freddiemac.com/pmms, Analysis by HASCO Staff

Affordable Housing: Need vs. Resources

Estimated Qualifying Households (2023) vs. Available Assistance, All Sources (2023)



Sources: Census Bureau American Communities Survey; Housing Authority of Snohomish County; Everett Housing Authority; PSRC Income Restricted Housing Database

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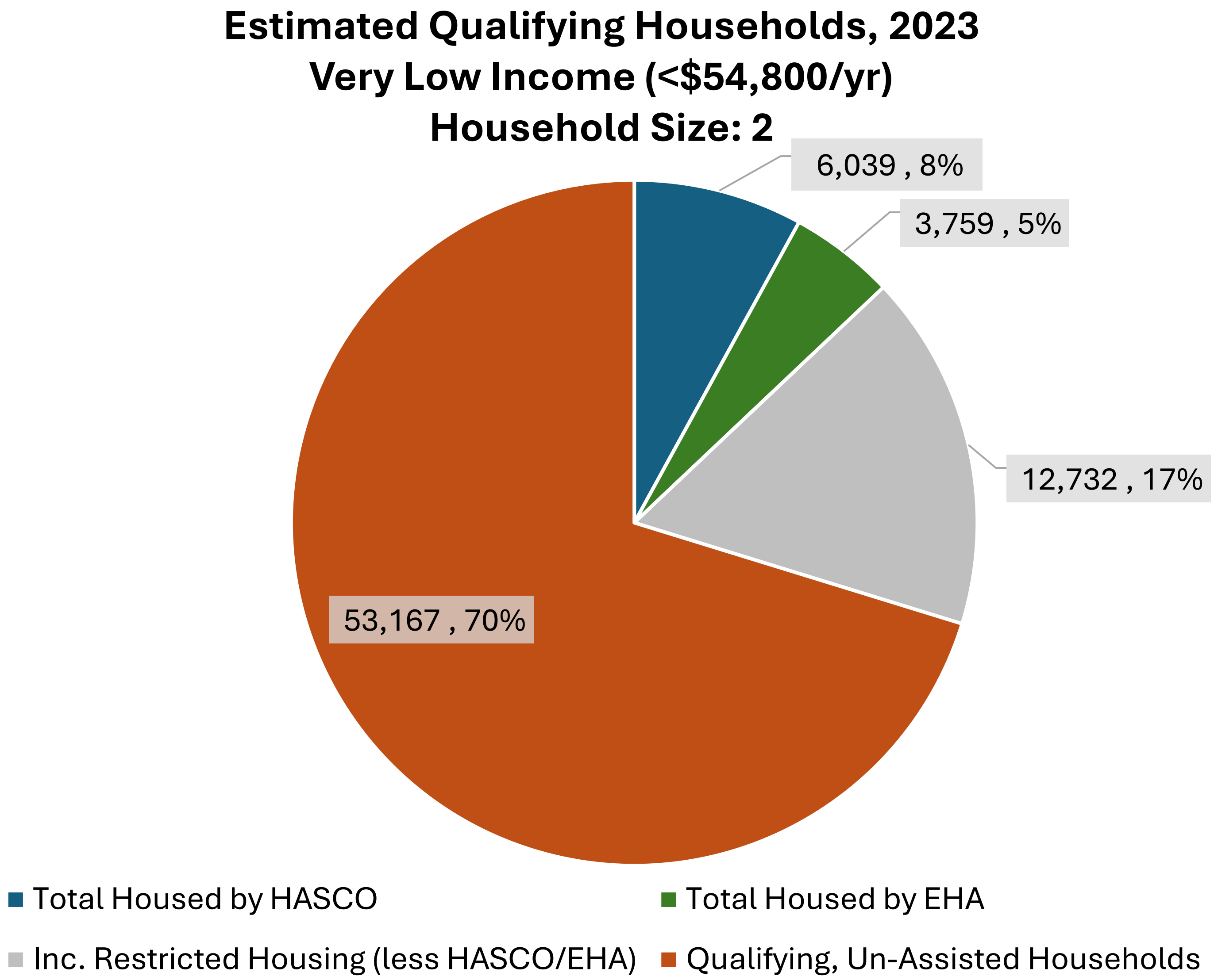
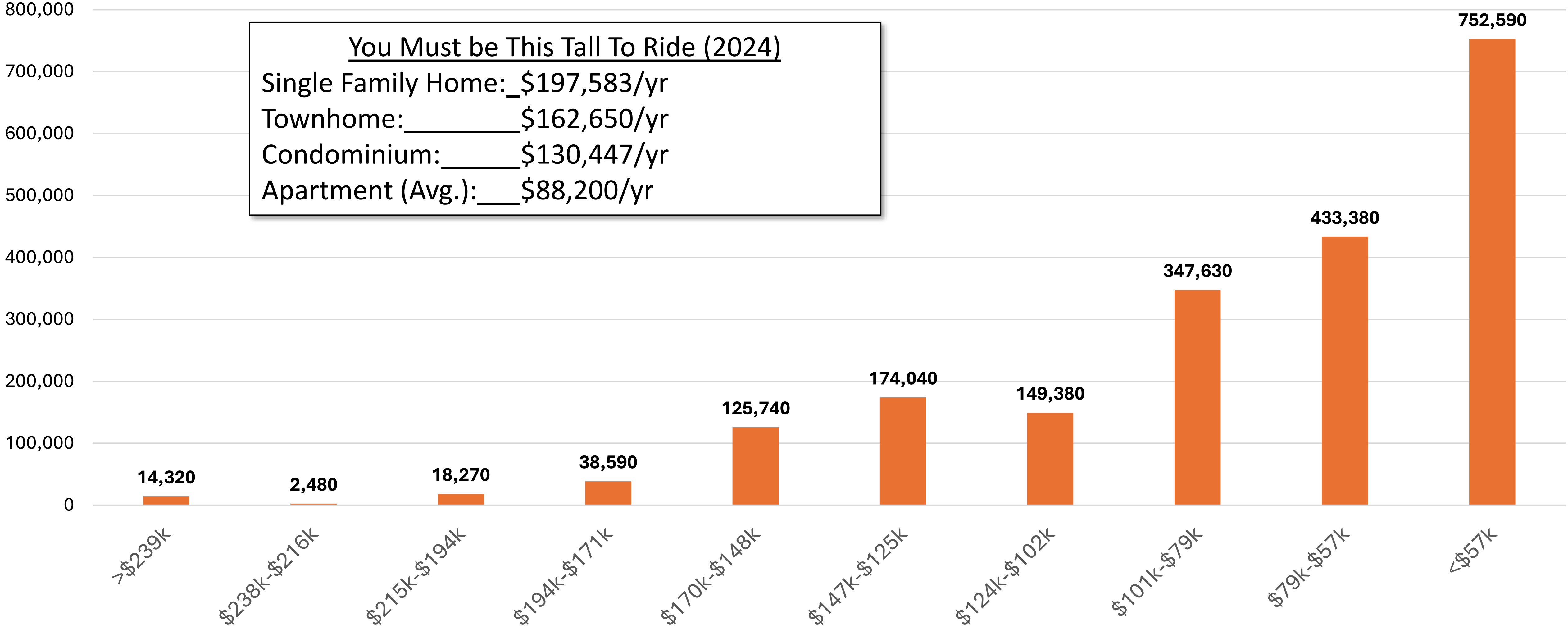


Sources: Census Bureau American Communities Survey; Housing Authority of Snohomish County; Everett Housing Authority; PSRC Income Restricted Housing Database (Preliminary Data)

Employees By <u>Occupational</u> Median Income (King, Snohomish, Pierce County, 2024)

<u>You Must be This Tall To Ride (2024)</u>

Single Family Home:_$197,583/yr
Townhome:_________$162,650/yr
Condominium:______$130,447/yr
Apartment (Avg.):___$88,200/yr



Source: US Bureau of Labor Statistics, Seattle-Tacoma-Bellevue Occupational Employment and Wage Statistics, 2024

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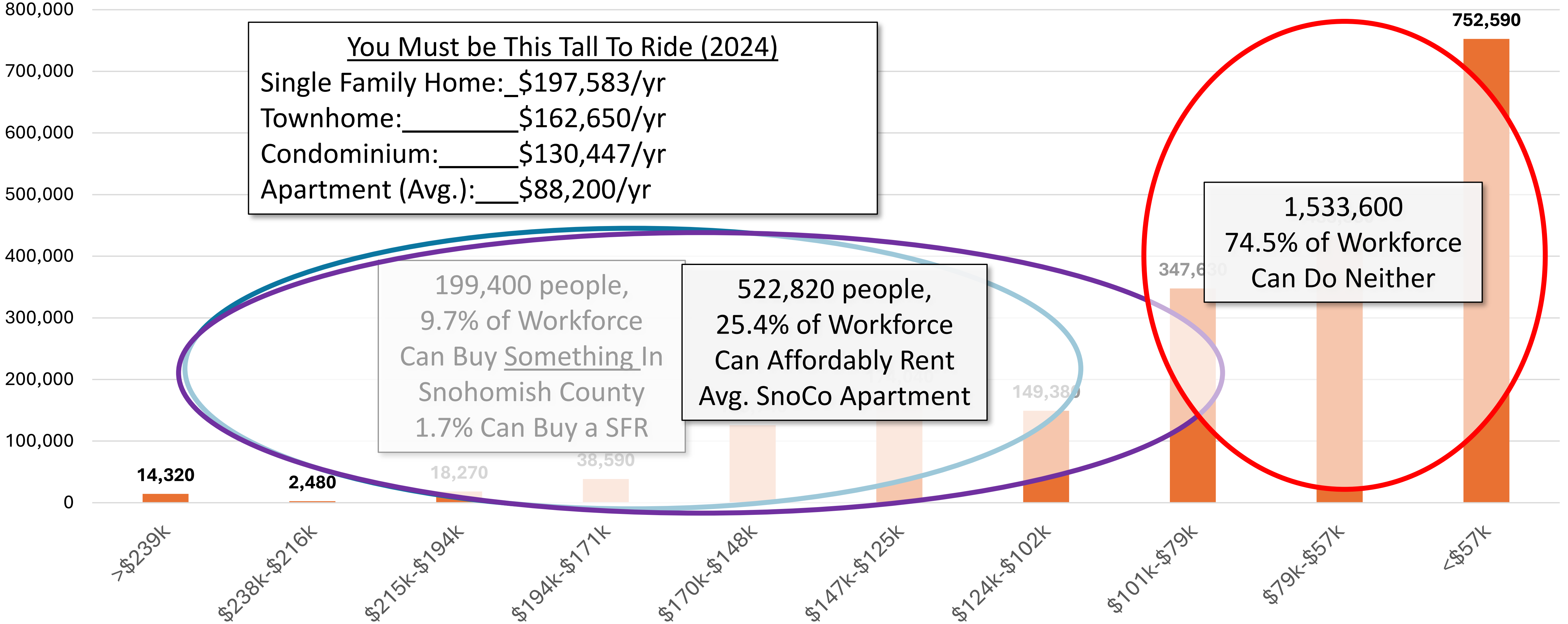
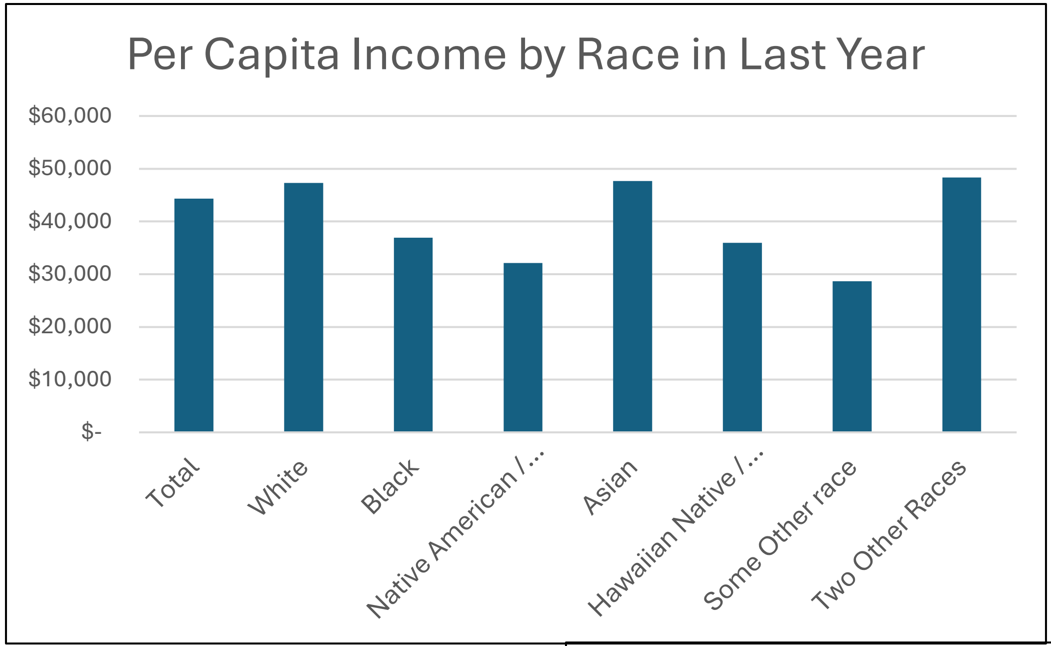
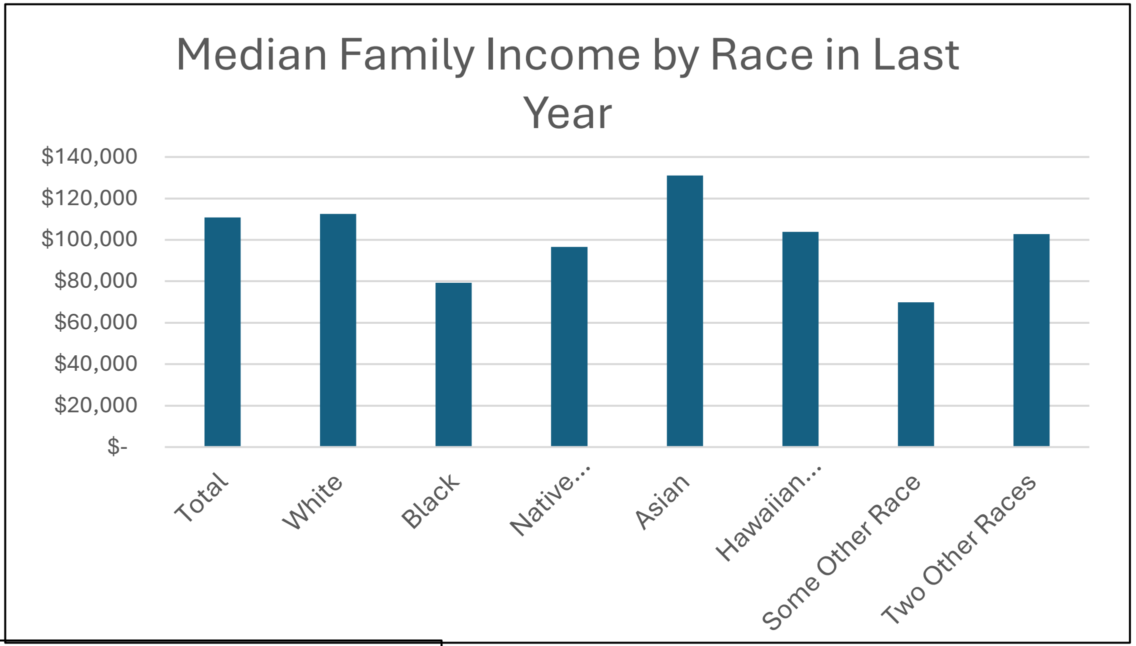
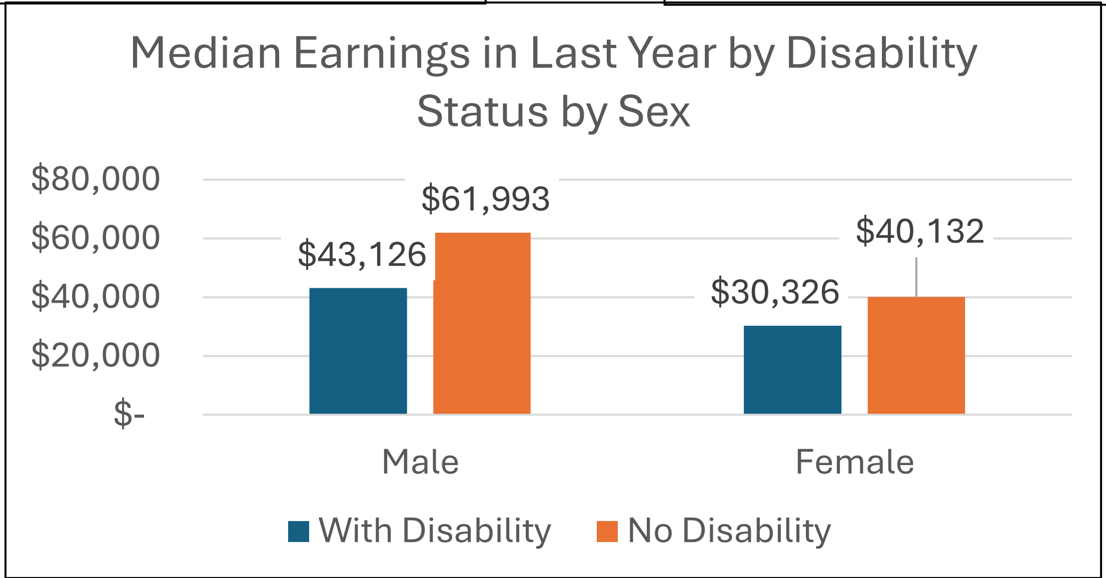


Source: US Bureau of Labor Statistics, Seattle-Tacoma-Bellevue Occupational Employment and Wage Statistics, 2024

What If I'm Not Average?





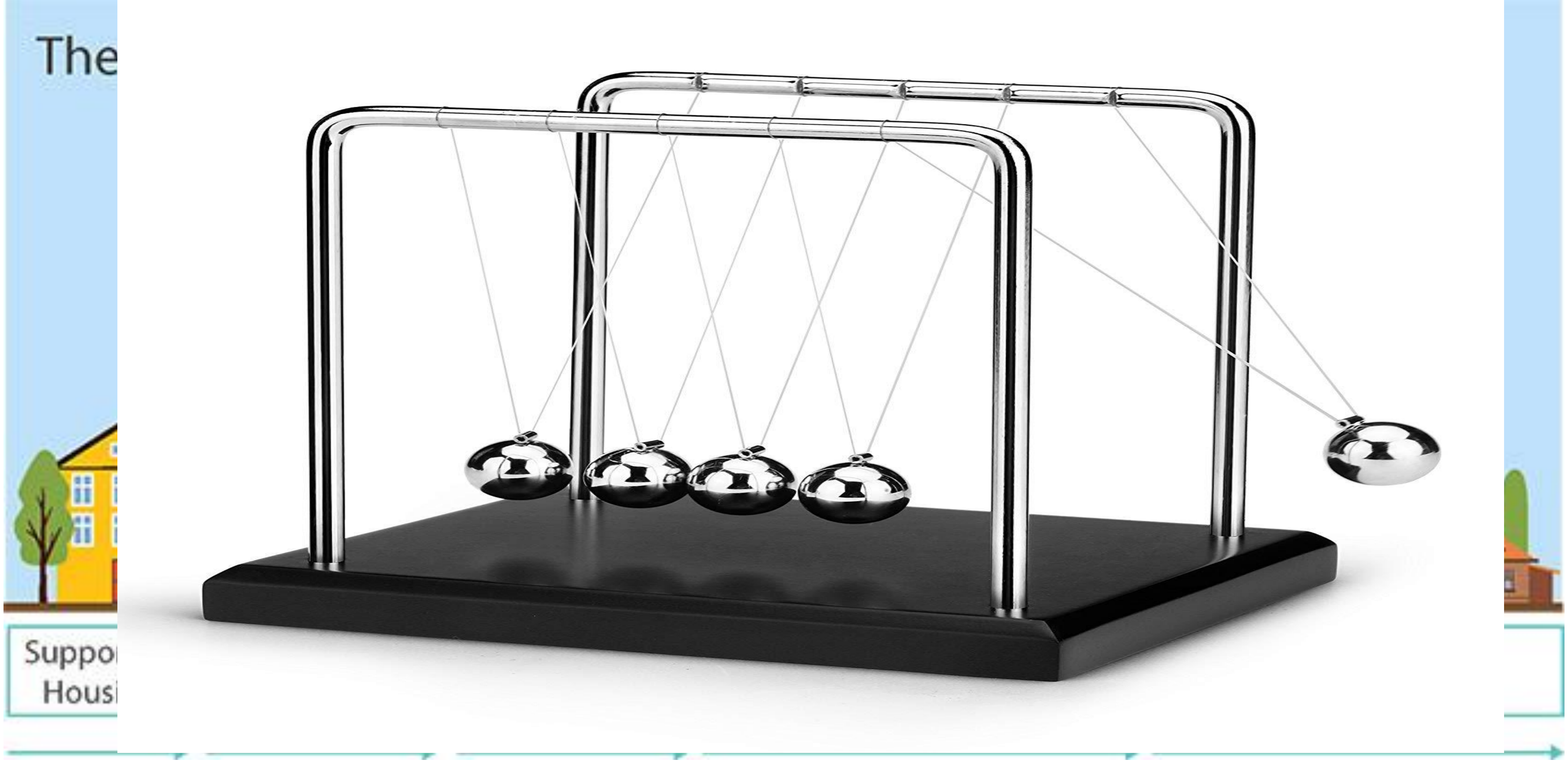


Source: US Census Bureau ACS 5-year, 2023, B19013A-I, B19301A-I, B18140

Renting Summary

- Rents rose rapidly between 2014-2021 then plateau
  - Still a historically unnatural delta between rent & income
- Rent plateau explained (to me) by burst of production (2018-2022)
  - Appears rental construction will decline in 2025 onward, under present national economic (and local) circumstances
- If money is the discriminating(!) factor, must recognize the unequal access to money based on different factors
- Upstream (ownership) causes for growing renter population
- Downstream, resources over-subscribed(er)

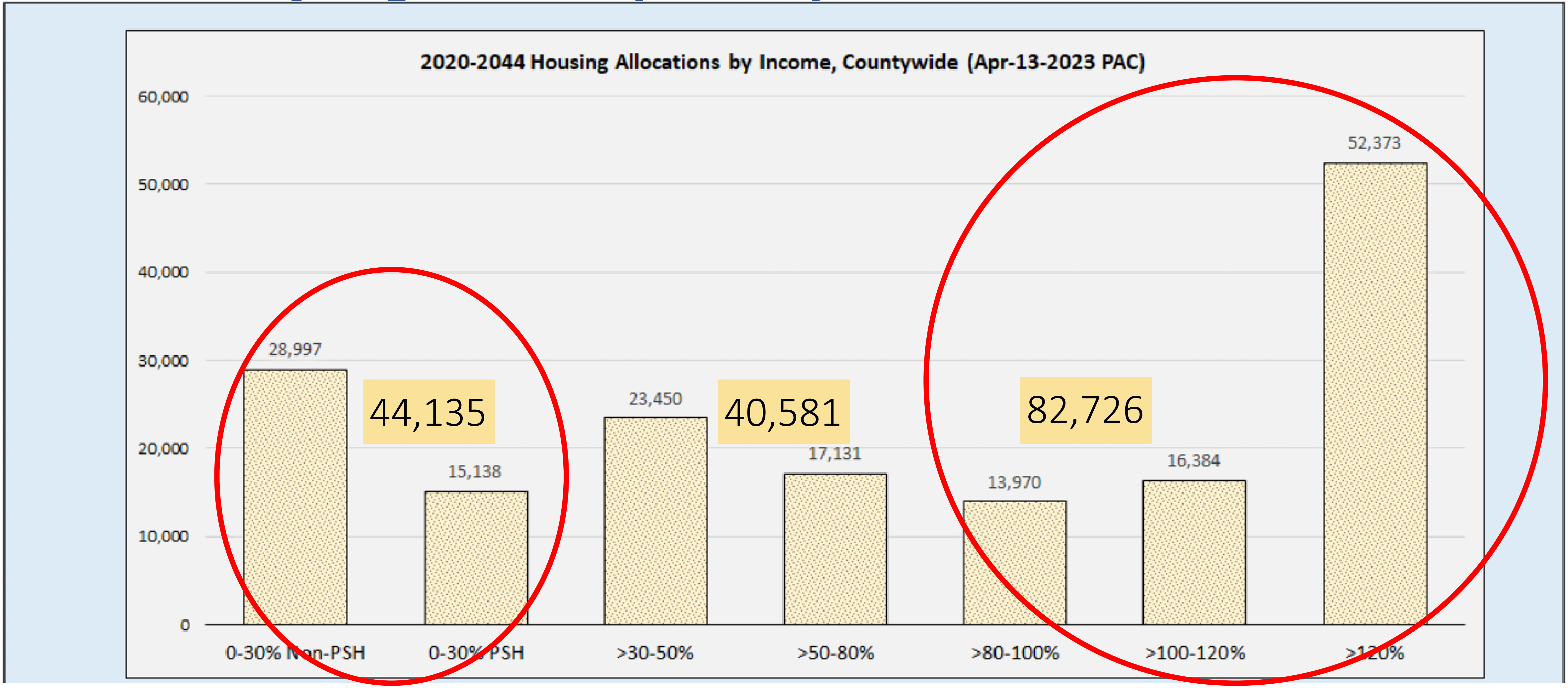
The Housing Continuum



So Now What?

Source: Snohomish County HO-5 Report, Appendix G

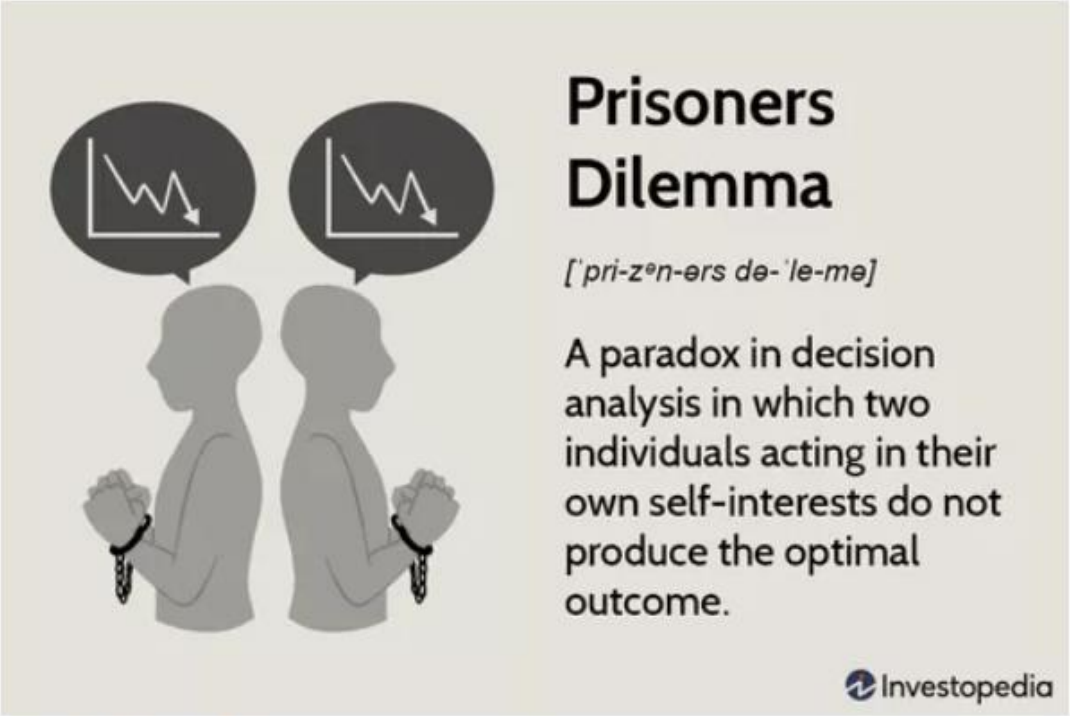
Quantifying Need (units) – HB 1220



So Why Doesn’t Someone DO SOMETHING!?

Everett officials have questions about a 125-room hotel shelter

*“Frankly, I’d be willing to bet money that five years down the line, despite your best efforts, **we won’t have any of our partner jurisdictions in the county step up and do anything similar**,” Bader said.*



Investopedia / Laura Porter

So Why Doesn’t Someone DO SOMETHING!?

[Everett officials have questions about a 125-room hotel shelter]

“Frankly, I’d be willing to bet money that five years down the line, despite your best efforts, ***we won’t have any of our partner jurisdictions in the county step up and do anything similar****,” Bader said.*

TRUST

How do we trust we’re in this together, and not in a zero-sum game?

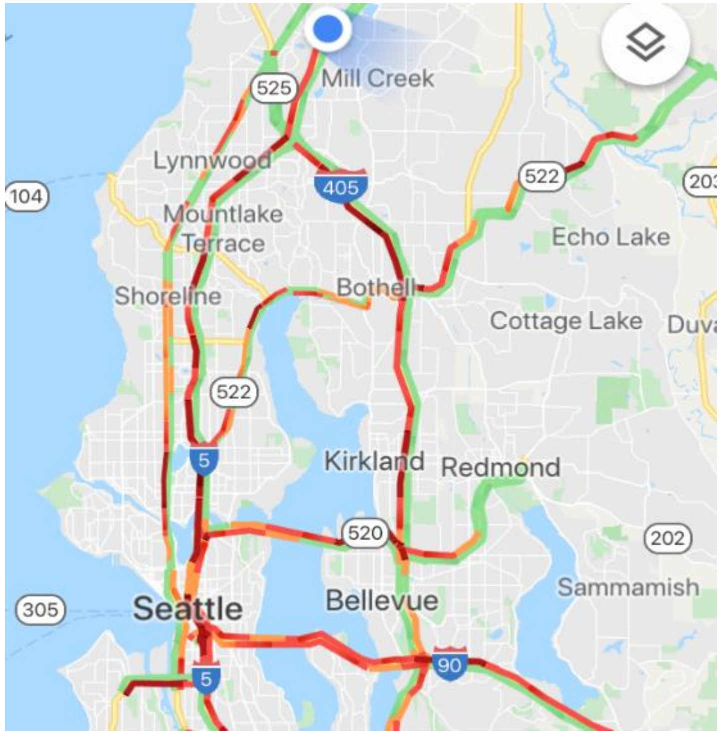
So Why Doesn't Someone DO SOMETHING!? (cont.)

"The great challenge facing attempts to loosen local housing restrictions is that existing homeowners do not want more affordable homes: they want the value of their asset to cost more, not less. They also may not like the idea that new housing will bring in more people, including those from different socio-economic groups."

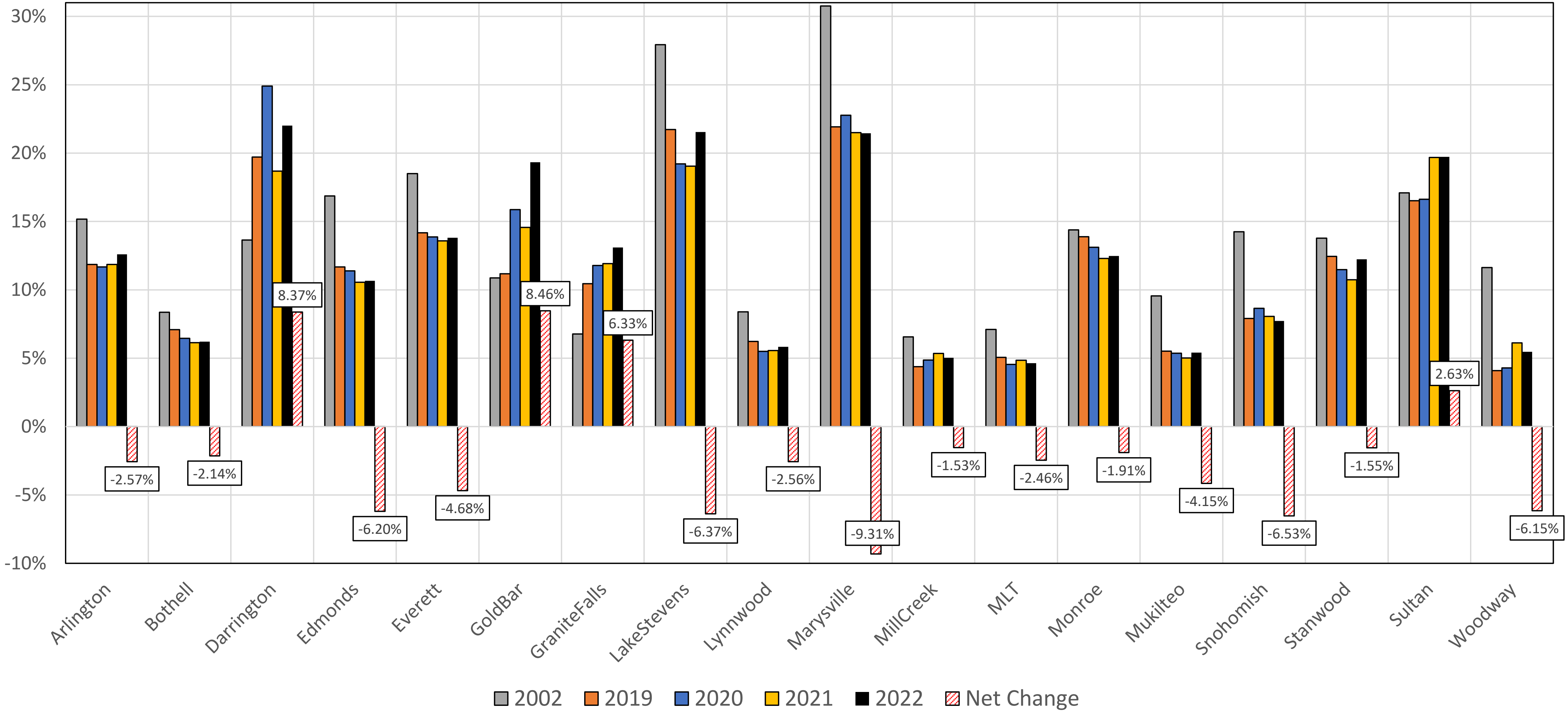
Glaeser & Gyourko, 2017

Solution: Show People How This <u>Personally</u> Affects Them

Traffic Sucks!



Percent of City Workforce Living In City (2022)



Source: US Census Bureau (https://onthemap.ces.census.gov/)

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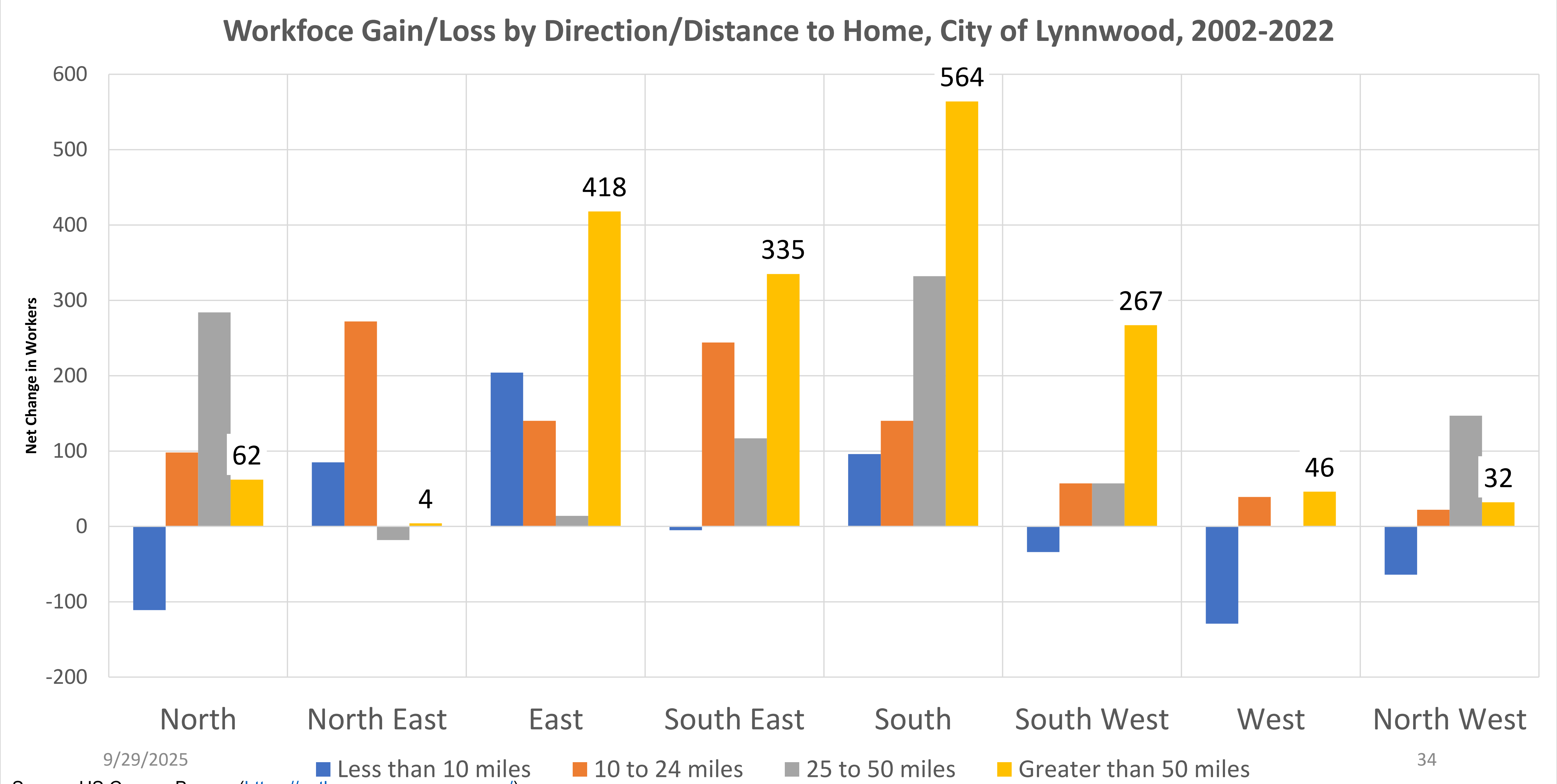
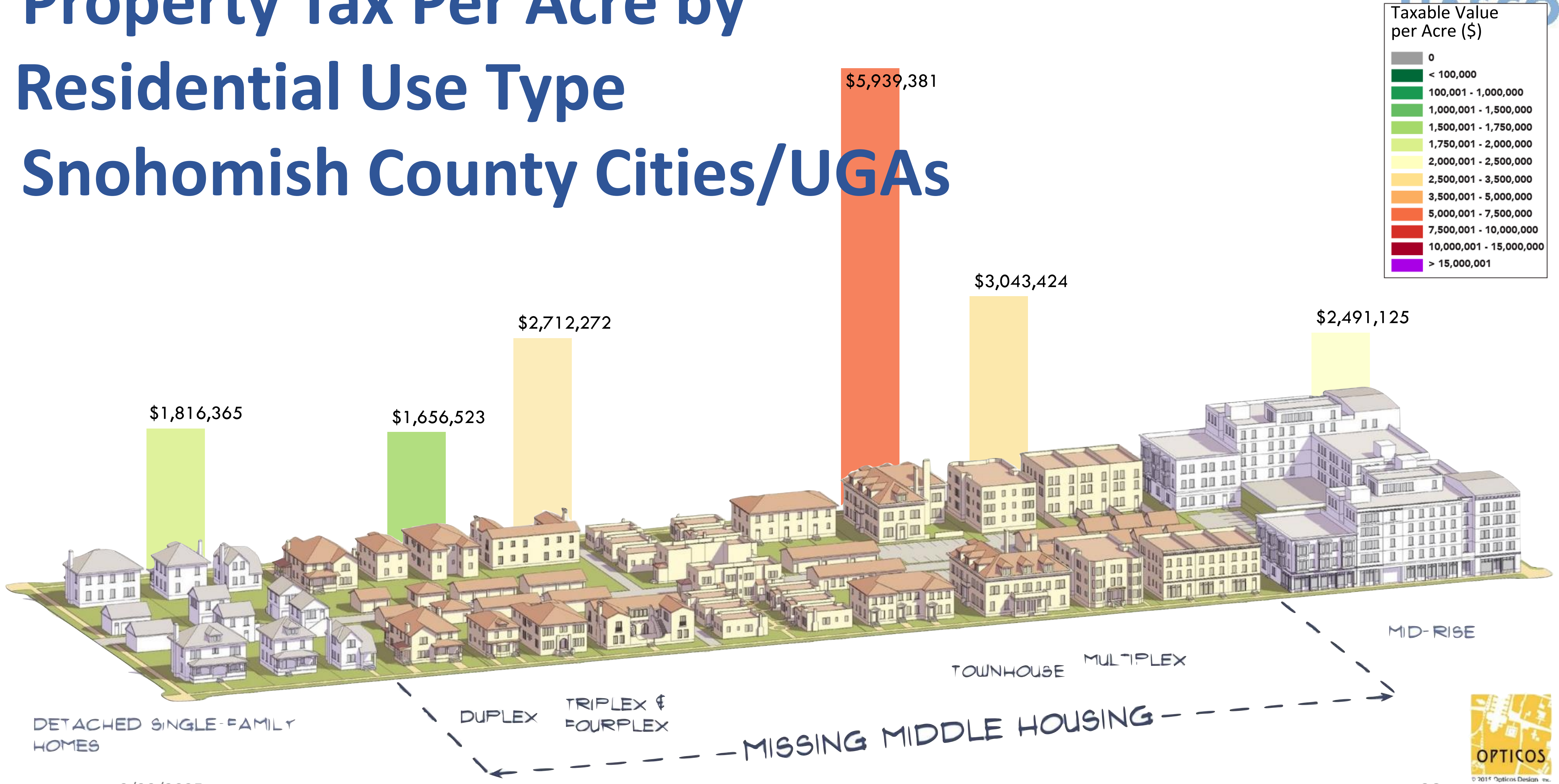


Source: US Census Bureau (https://onthemap.ces.census.gov/)

ARRRGH Taxes!!!

Property Tax Per Acre by Residential Use Type Snohomish County Cities/UGAs



Source: Urban3, Snohomish County, Image Credit: Opticos Design

Growth's Impact on Taxation

- Market rate housing makes your taxes go *down*
  - More taxable value = lower property taxes

Change This (Snohomish)

Last Sold 2011 for $420k

To 3 of This

Last Sold 2017 for $310k

Impact:

-$0.54/year property tax on average residence in Snohomish

Also lowers growth pressure *a smidgen*

Source: Snohomish County Assessor, HASCO staff analysis

URBAN3

Value Per Acre
Snohomish County, WA

Waterside Condominiums

$4.16M per acre

Lake Stevens Condominiums

$5.08M per acre

Forest Lynn Condominiums

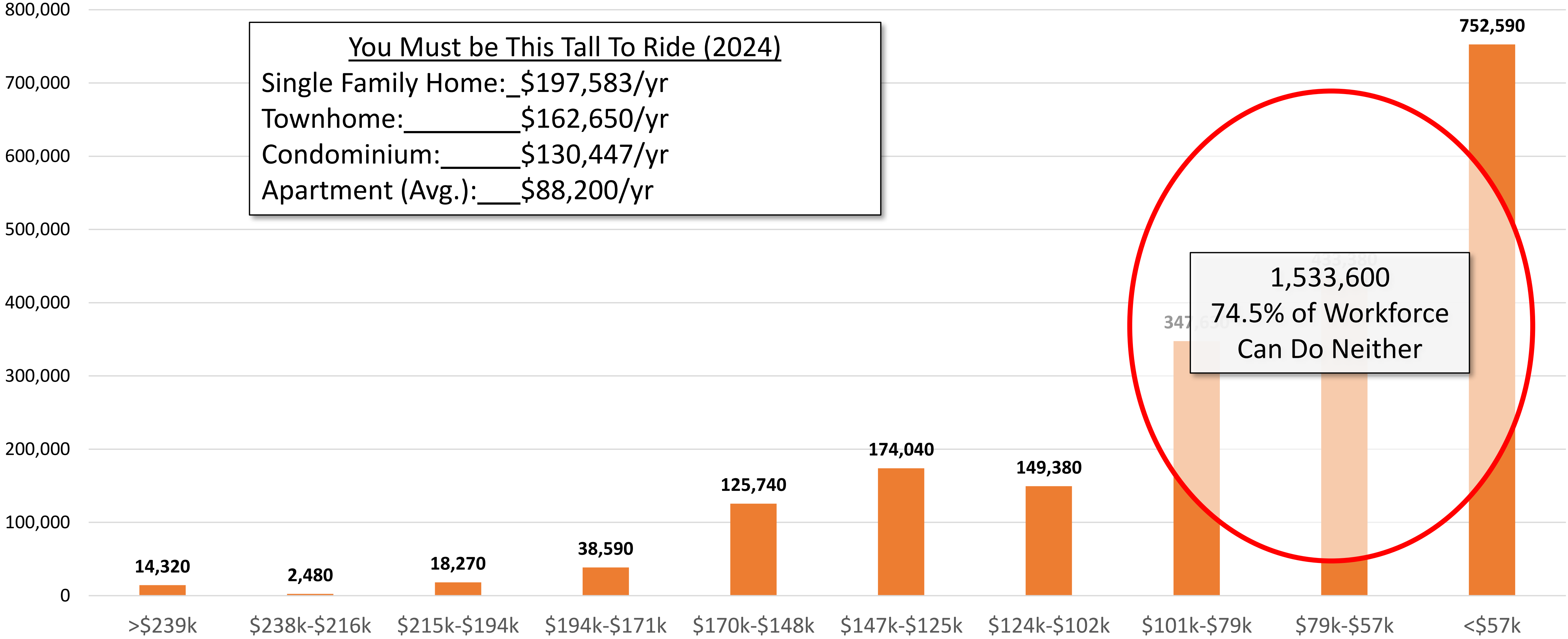
$4.19M per acre

Walmart Average

$1,382,824 per acre

Source: Snohomish County Assessor Picture Source: Urban3

I Can’t Hire Anybody!!



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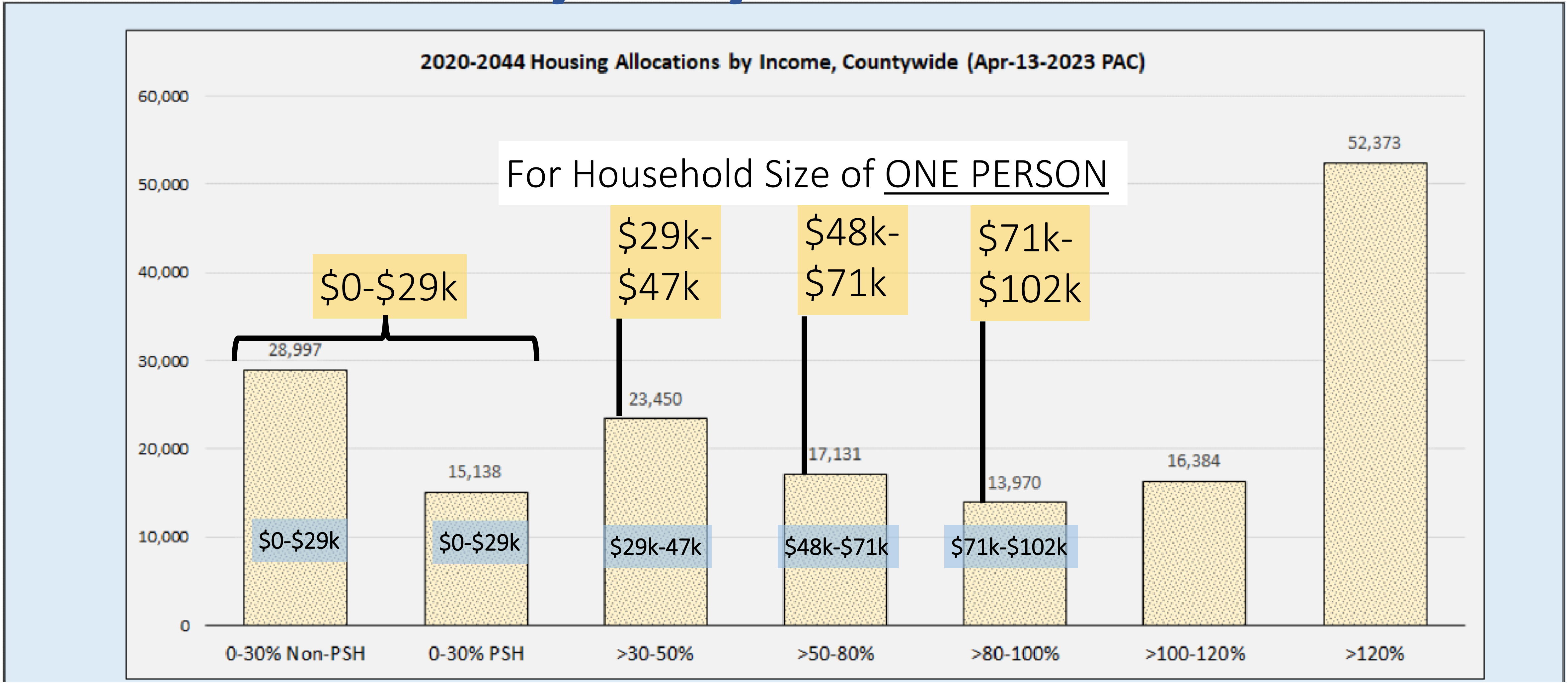

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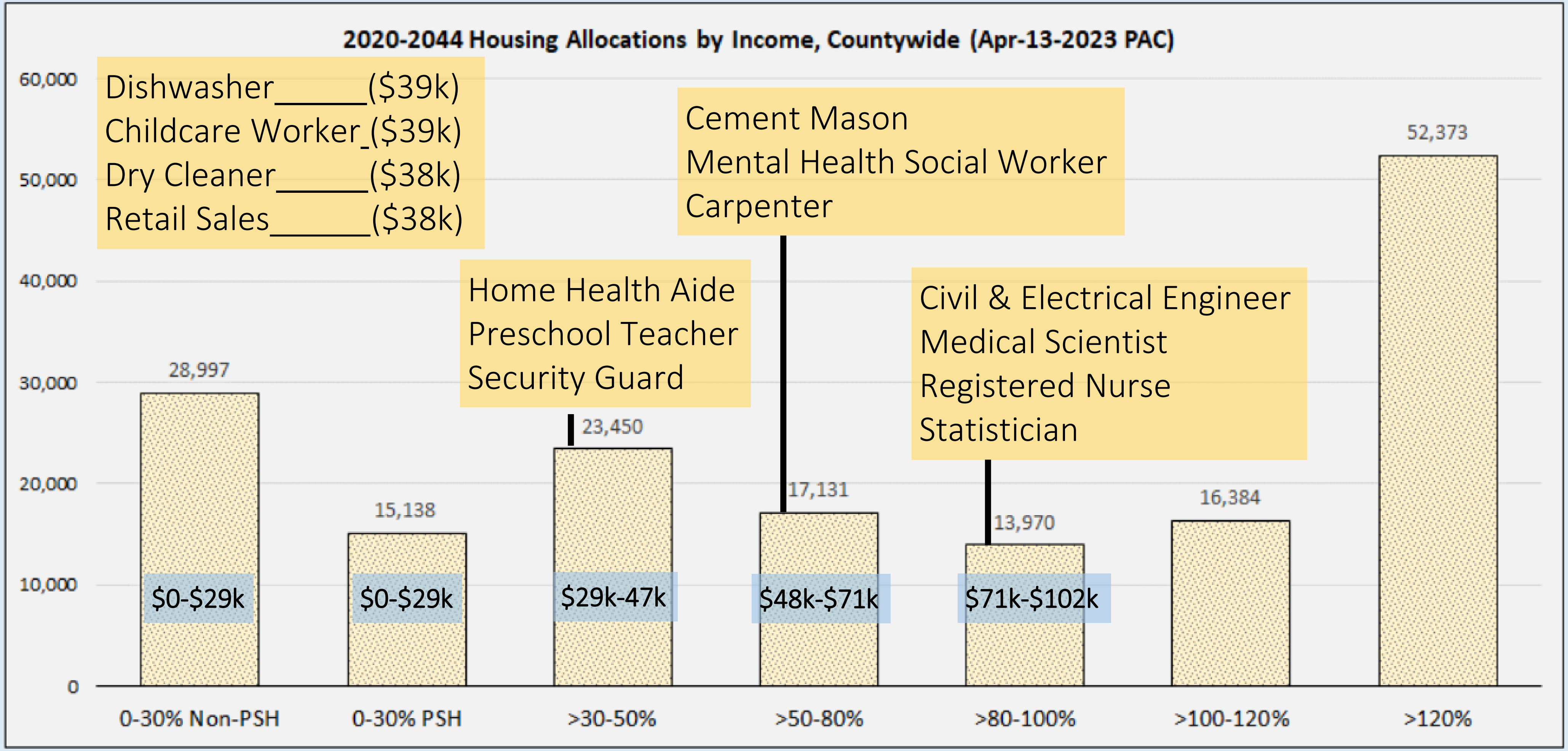
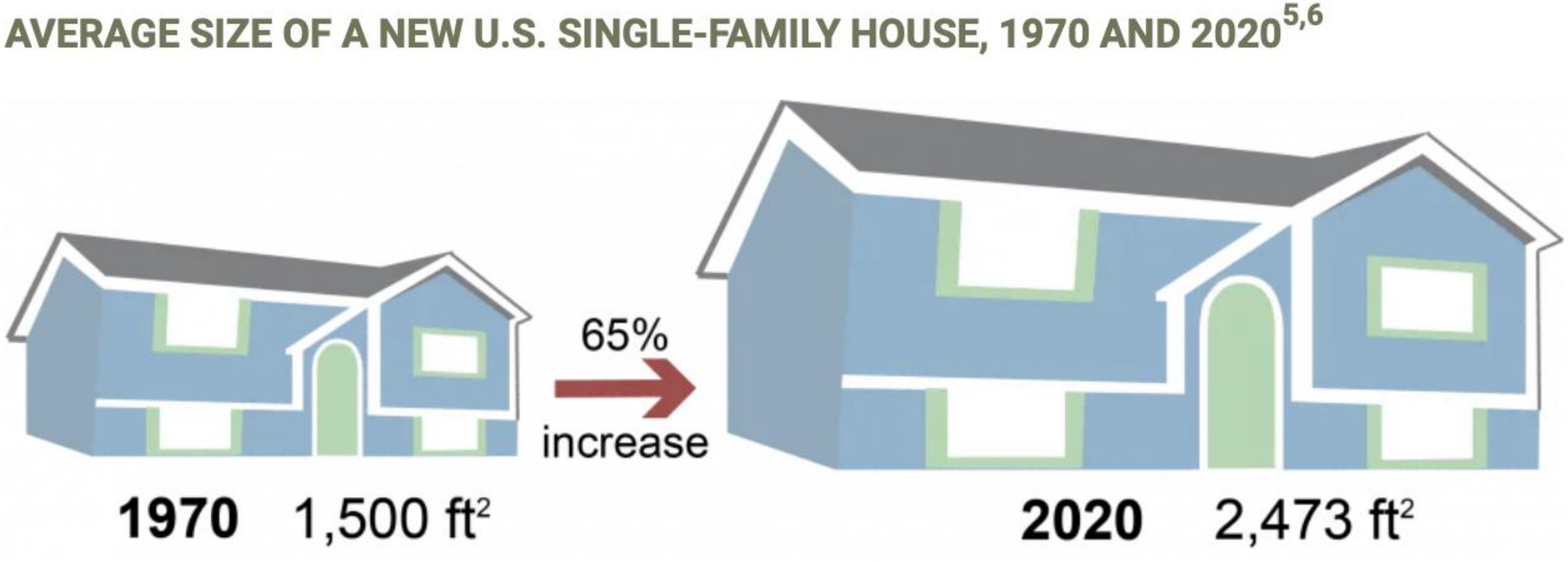
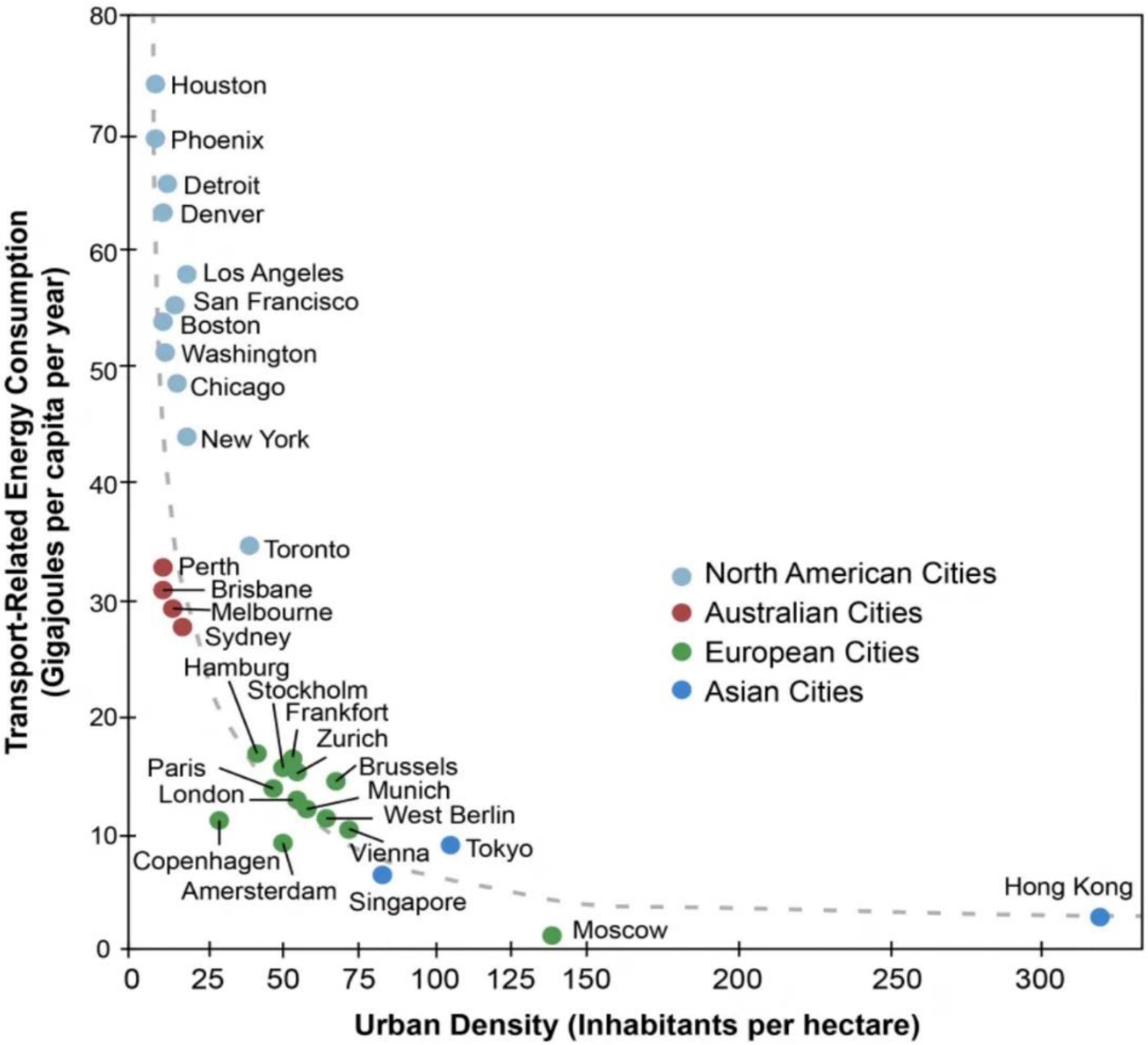


Environment > Housing!



Source: Center for Sustainable Systems, University of Michigan. 2021. "Residential Buildings Factsheet." Pub. No. CSS01-08.



- People want to live here
- People need a place to live
- Absent a policy intervention, we'll continue to sprawl
- This means (larger) homes, further away

Source: Center for Sustainable Systems, University of Michigan. 2021. "U.S. Cities Factsheet." Pub. No. CSS09-06.

Now For Some FAQs (or asserted beliefs)

1) “We Can’t Afford It” (throwback to taxes)

- Housing is the most affordable place for people to be
  - American Hospital Assoc. estimates WA inpatient bed/**month** cost = $129,126[1] (2023) (Link)
  - Vera Institute estimates $8,113/mo/inmate[1] in King County Jail (2015) (Link)
  - HASCO Cost/mo housing unit: $1,235/month
    - ~$600 O&M (Carvel Apartments, Mukilteo), ~$600 construction (NOVO on 52nd, 50-year lifespan)

      (More recently, $952/door for current project in Lynnwood)
- Without even considering the numerous other reasons incarceration is a net loss for society (crime is, too – incarceration is the worst of all outcomes and)
- Infill also conserves/maximizes other infrastructure investments

Frequently Asked Questions:
2) "New Housing Isn't Affordable"

- Any unit has an impact
- UpJohn Institute for Employment Research:

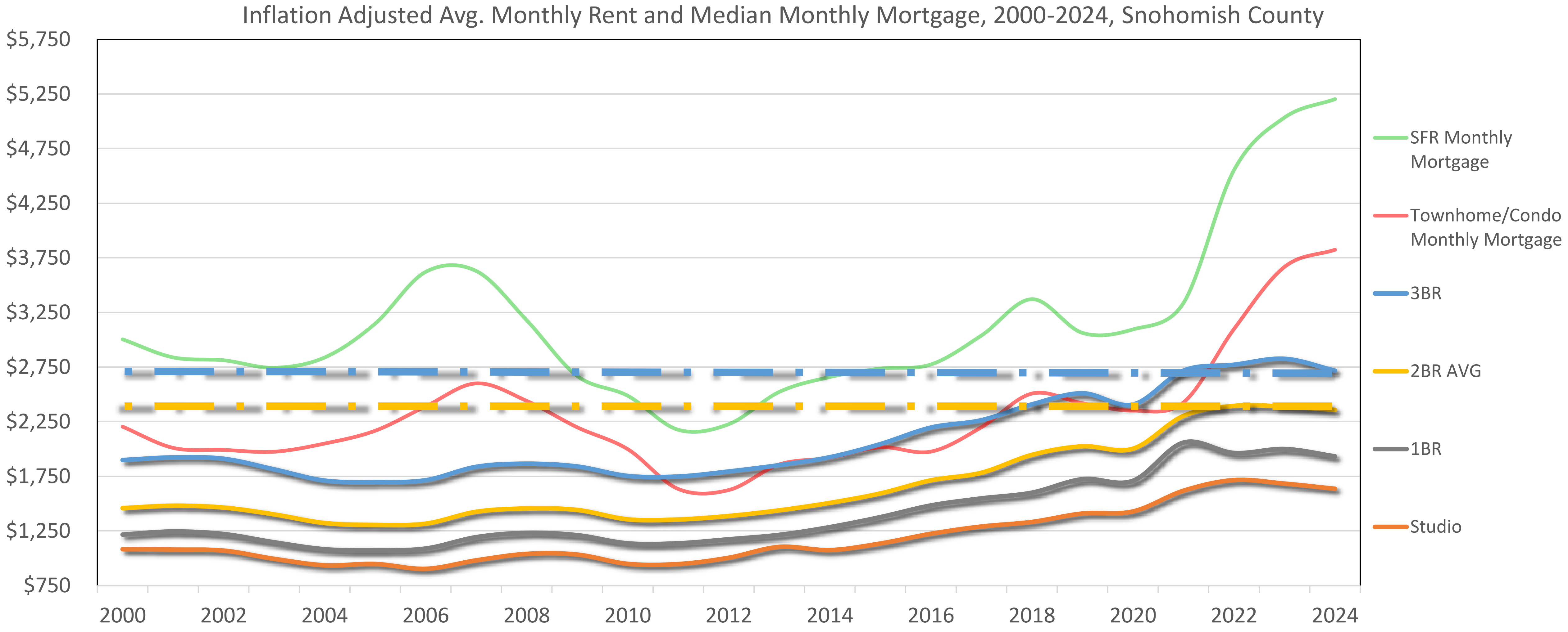
"…building 100 new market-rate units leads 45-70 and 17-39 people to move out of below-median and bottom-quintile income tracts, respectively, with almost all of the effect occurring within five years."

Evan Mast, *The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market*, UpJohn Institute (2019) (Link)

Frequently Asked Questions:
3) "More Housing = More Traffic"

- Only if people *have to* drive to work.

Frequently Asked Questions:
4) “I Struggled Too”



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FAQ: 5) “Housing Brings Poverty”

8,686, 42%, of Edmonds SD Kids Are on Free or Reduced Lunch TODAY.

729, 3.6% of Edmonds SD Kids Are Homeless (2022 McKinney Vento Liaison)

Public School – Edmonds School District	Free	Reduced	Total Enrollment	% Free	% Reduced	% Free & Reduced
Alderwood Early Childhood Center	363	-	441	74.0%	-	74.0%
Alderwood Middle	352	-	691	78.5%	-	78.5%
Beverly Elementary	132	27	416	36.4%	5.3%	41.7%
Brier Elementary	F or R% < 5%	F or R% < 5%	393	82.3%	-	82.3%
Brier Terrace Middle	124	53	646	50.9%	-	50.9%
Cedar Valley Community School (formally Cedar Valley K-8)	319	-	437	31.7%	6.5%	38.2%
Cedarway Elementary	360	-	533	F or R% < 5%	F or R% < 5%	17.8%
Chase Lake Elementary	278	-	422	19.2%	8.2%	27.4%
College Place Elementary	335	-	489	73.0%	-	73.0%
College Place Middle School	384	-	479	67.5%	-	67.5%
	F or R% < 5%	F or R% < 5%	313	65.9%	-	65.9%
	97	31	607	68.5%	-	68.5%
	391	130	1619	80.2%	-	80.2%
	126	27	427	F or R% < 5%	F or R% < 5%	14.1%
	F or R% < 5%	F or R% < 5%	568	16.0%	5.1%	21.1%
	284	-	450	24.2%	8.0%	32.2%
Lynnwood Elementary School	182	69	584	29.5%	6.3%	35.8%
	645	-	1344	F or R% < 5%	F or R% < 5%	16.9%
	F or R% < 5%	F or R% < 5%	637	63.1%	-	63.1%
	37	28	483	31.2%	11.8%	43.0%
	173	58	549	48.0%	-	48.0%
	136	47	432	F or R% < 5%	F or R% < 5%	14.0%
	469	174	1514	7.7%	5.8%	13.5%
	250	94	753	31.5%	10.6%	42.1%
Mountlake Terrace Elementary	284	-	430	31.5%	10.9%	42.4%
Mountlake Terrace High School	289	130	1450	31.0%	11.5%	42.5%
Oak Heights Elementary	158	54	532	33.2%	12.5%	45.7%
Scriber Lake High	323	-	477	66.1%	-	66.1%
Seaview Elementary	55	21	410	19.9%	9.0%	28.9%
Sherwood Elementary	F or R% < 5%	F or R% < 5%	499	29.7%	10.2%	39.9%
Spruce Elementary	532	-	638	67.7%	-	67.7%
Terrace Park Elementary (formally known as Terrace Park K-8)	F or R% < 5%	F or R% < 5%	710	13.4%	5.1%	18.5%
Westgate Elementary	111	36	478	F or R% < 5%	F or R% < 5%	19.6%

Source: Washington State Office of Superintendent of Public Instruction

Conclusions:

- Housing is complicated – easy to silo, then pick apart with rejection “Yes but not that”
  - Housing is a system, with one sector affecting the others
  - Tell the story of how you fit in, but need a healthy *system* to really succeed
  - Be advocates for yourself and others to the public, give elected leaders space
- Recognize the landscape has shifted dramatically since 2008
  - Prices +60-100%, incomes effectively stagnant
  - Is “affordable housing” even a valid term anymore? When <u>nobody</u> can afford it?
  - Be OK with adjusting your mission to meet changing times (and more change is coming)
- Housing isn’t <u>everything</u>
  - Doesn’t make fentanyl less lethal, parents better, social media not horrible…
  - But gives interventions for these things more chance for success
- This affects everybody – promote an all-together-now attitude, with self-interest
  - Where will your kids live? Where will you downsize to? Taxes, transit, workforce

Conclusions-er:

- I talk too much
- But if you want to see this again, or have me talk more – scan this QR code to email me!

Thank You!!

Questions?

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