How Zillow is Leveraging Tech + Data to Expand Access to Housing

Housing WA 2025

Introducing: Zillow Panelists

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Our Belief

Home should be more than just a dream.

Our Purpose

To make home a reality for more and more people.

The data world of economic research

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Affordability numbers to know

National income needed to afford rent: $80,000

- *Up $20,000 over the past five years*

Raise needed to afford the typical home: **$17,000**

- **Seattle:** $75,000

Mortgage rate to afford the typical home: **4.4%**

- **Seattle:** <1%

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Most renters want to buy

63%	64%	58%
Millennials	Gen Z	Overall

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National headlines:

HOUSINGWIRE — Zillow: US housing shortage hit 4.7 million in 2023

Sunset — The State of the Housing Market Has Forced Millennials to Get Creative

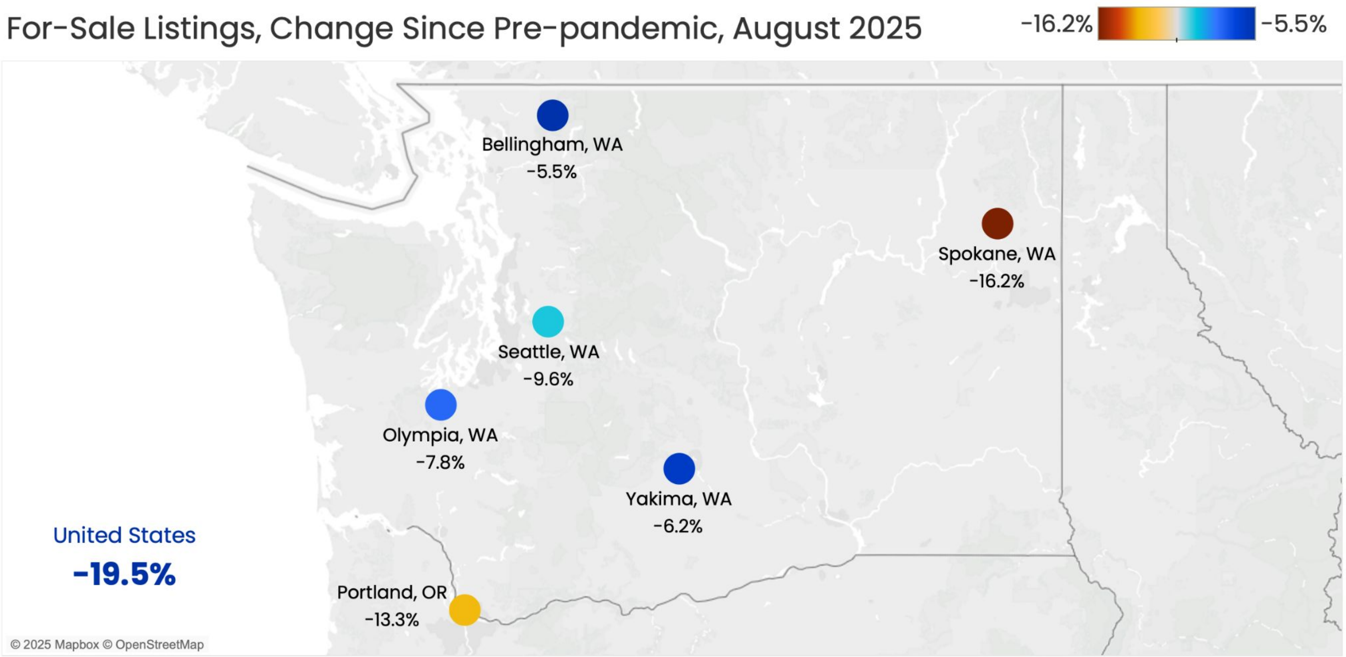
BUSINESS INSIDER — A 'silver tsunami' of boomer home sales won't fix the housing affordability crisis, Zillow says

Local stats:

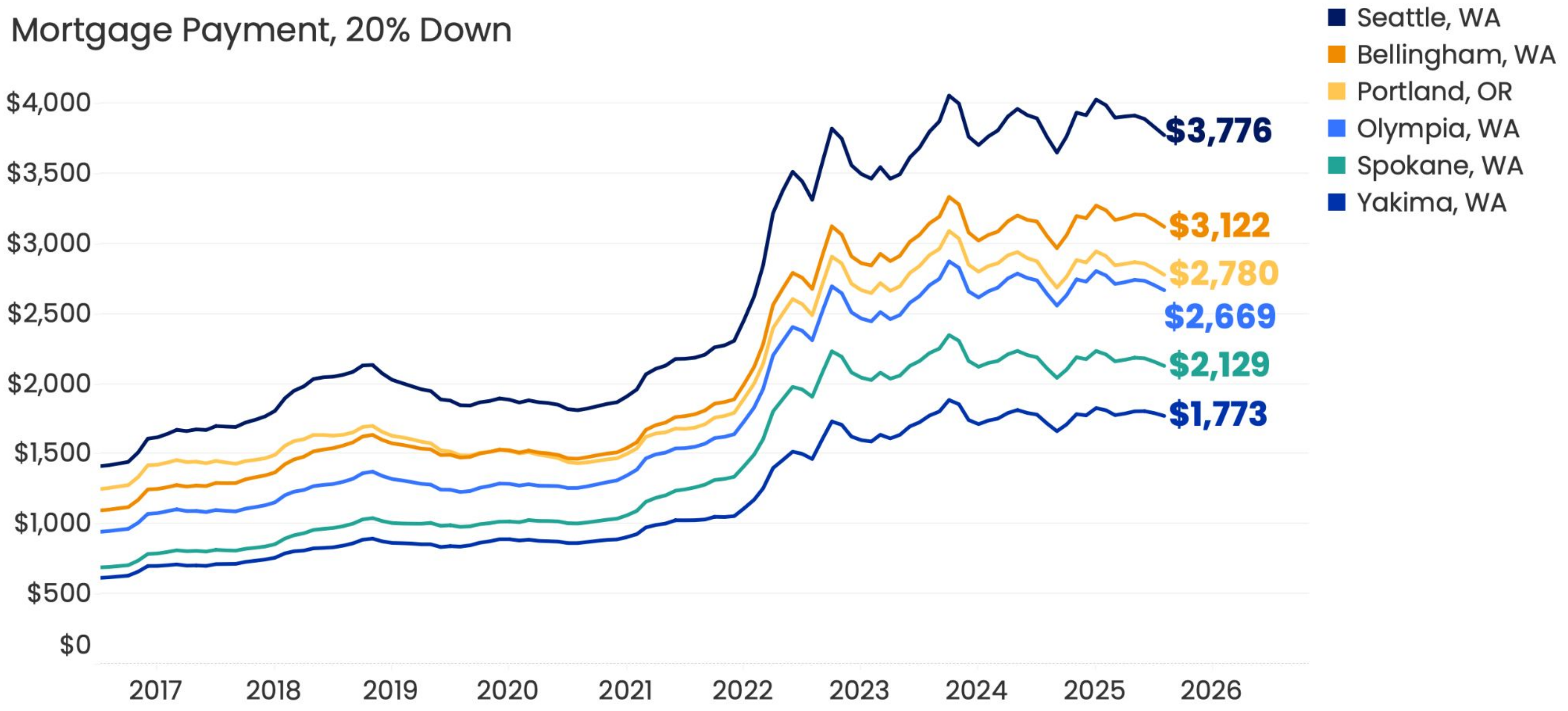
102,000: Housing deficit in Seattle metropolitan area

70,500: Housing deficit in Portland / Vancouver metropolitan area

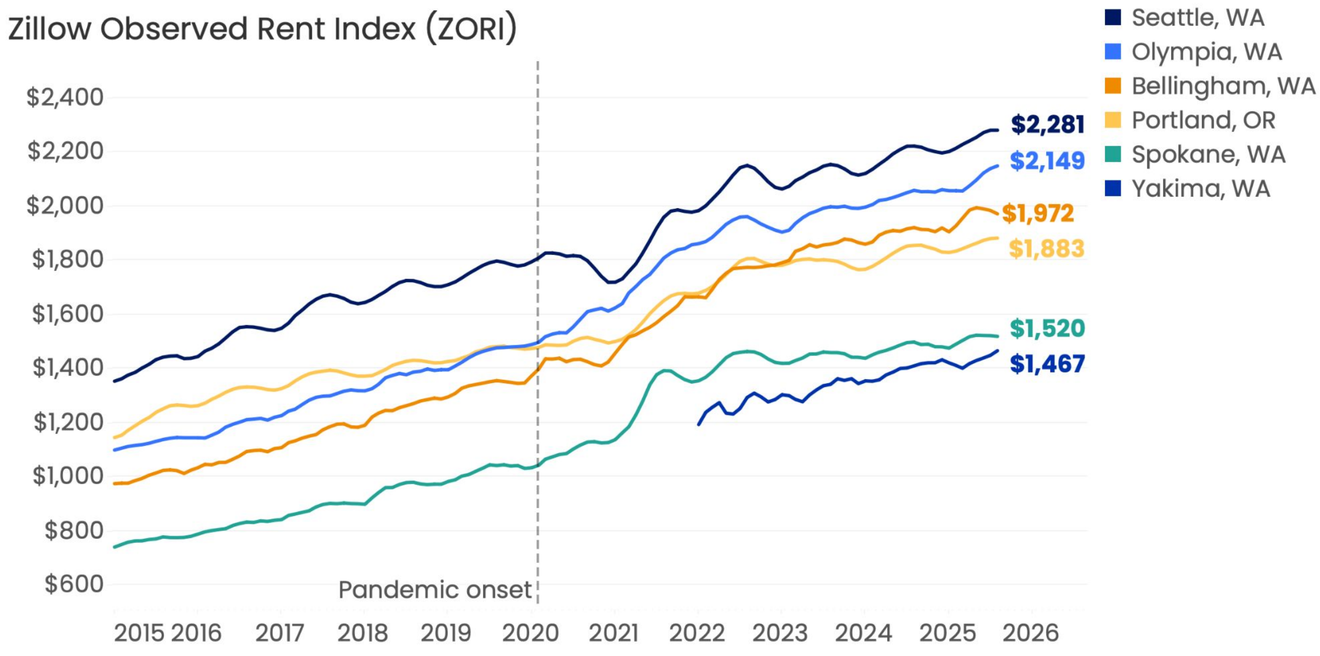
For-sale inventory recovering, but still lower than pre-pandemic



Mortgage payments in Seattle metro have doubled in five years



Rent growth ticks up in Olympia, cools in Bellingham



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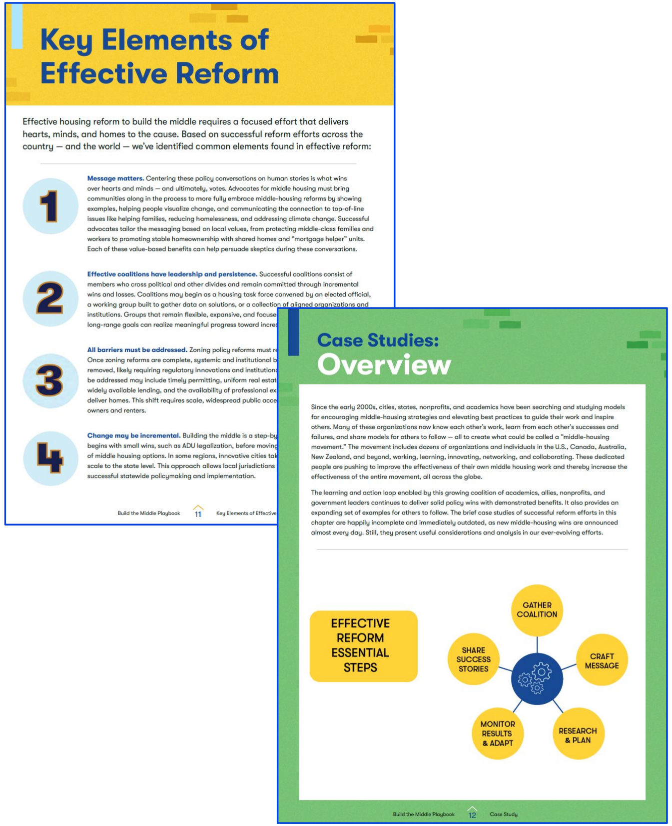
Build the Middle Playbook

By Zillow & The Casita Coalition



Key Elements of Effective Reform

Effective housing reform to build the middle requires a focused effort that delivers hearts, minds, and homes to the cause. Based on successful reform efforts across the country — and the world — we've identified common elements found in effective reform:

1 **Message matters.** Centering these policy conversations on human stories is what wins over hearts and minds — and ultimately, votes. Advocates for middle housing must bring communities along in the process to more fully embrace middle-housing reforms by showing examples, helping people visualize change, and communicating the connection to top-of-line issues like helping families, reducing homelessness, and addressing climate change. Successful advocates tailor the messaging based on local values, from protecting middle-class families and workers to promoting stable homeownership with shared homes and "mortgage helper" units. Each of these value-based benefits can help persuade skeptics during these conversations.

2 **Effective coalitions have leadership and persistence.** Successful coalitions consist of members who cross political and other divides and remain committed through incremental wins and losses. Coalitions may begin as a housing task force convened by an elected official, a working group built to gather data on solutions, or a collection of aligned organizations and
institutions. Groups that remain flexible, expansive, and focuse
long-range goals can realize meaningful progress toward incre

3 **All barriers must be addressed.** Zoning policy reforms must r
Once zoning reforms are complete, systemic and institutional b
removed, likely requiring regulatory innovations and institution
be addressed may include timely permitting, uniform real estat
widely available lending, and the availability of professional ex
deliver homes. This shift requires scale, widespread public acce
owners and renters.

4 **Change may be incremental.** Building the middle is a step-by
begins with small wins, such as ADU legalization, before moving
of middle housing options. In some regions, innovative cities tak
scale to the state level. This approach allows local jurisdictions
successful statewide policymaking and implementation.

Case Studies: Overview

Since the early 2000s, cities, states, nonprofits, and academics have been searching and studying models for encouraging middle-housing strategies and elevating best practices to guide their work and inspire others. Many of these organizations now know each other's work, learn from each other's successes and failures, and share models for others to follow — all to create what could be called a "middle-housing movement." The movement includes dozens of organizations and individuals in the U.S., Canada, Australia, New Zealand, and beyond, working, learning, innovating, networking, and collaborating. These dedicated people are pushing to improve the effectiveness of their own middle housing work and thereby increase the effectiveness of the entire movement, all across the globe.

The learning and action loop enabled by this growing coalition of academics, allies, nonprofits, and government leaders continues to deliver solid policy wins with demonstrated benefits. It also provides an expanding set of examples for others to follow. The brief case studies of successful reform efforts in this chapter are happily incomplete and immediately outdated, as new middle-housing wins are announced almost every day. Still, they present useful considerations and analysis in our ever-evolving efforts.

Build the Middle Playbook

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Types of Middle Housing Options

Throughout this playbook, we will discuss an expanded view of middle housing, a broad category encompassing many living situations and housing types. These housing types face unique barriers, and we will offer strategies to address them later in this playbook. Below is an overview of middle-housing types and common barriers:

Homesharing
Sharing underutilized bedroom with a housemate under homeshare agreement.

Barriers: Definitions and limits on non-familly occupants; awareness & messaging; lack of support for nonprofit homesharing programs.

JADU Junior ADU
Attached interior living space with own entrance and cooking facilities-- may share both with primary.

Barriers: Zoning; occupancy and tenancy restrictions; firewall requirements; unpermitted unit legalization barriers.

Moveable Tiny Home
Allowed as ADUs in some regions, movable tiny homes are classified as RVs but built with standards more suited to full-time living.

Barriers: Limited locations fo full-time legal living; lack of lower-cost finance options; stringent certification requirements; awareness & messaging.

Manufactured Homes
Allowed as ADUs on primary homes, manufactured to HUD code.

Barriers: Local design and structural standards; delivery challenges; installer certification requirements.

ADU
Accessory to a primary dwelling; may be attached, detatched or conversion of existing space.

Barriers: Zoning prohibitions; owner occupancy and parking mandates; long permitting timelines; energy codes and other regulations for larger homes; cost of construction; high fees & connection charges; limited finance options.

ADU Condominiums
Accessory dwelling units on a lot sold separately from the primary home as a condo regime.

Barriers: Many cities/countries do not yet allow; cost of construction; lender appovals; Subdivision Map Act complexities.

Duplex
Two units on a lot, detached or attached; units can be stacked or side-by-side.

Barriers: Zoning; inexperienced new developers or families need support to plan and build; may not pencil at affordable rents.

Fourplex
Four homes on one lot, may be configured in several different ways.

Barriers: Zoning; development standards such as open space; setbacks; height restrictions; complexity of approvals and permitting.

Cottage Court
Smaller detatched homes on one lot with a shared common space or other amenities.

Barriers: Zoning; minimum lot sizes; rear & side setbacks; parking requirements.

Townhome
May be detatched or attached. Typically don't share amenities beyond shared driveway.

Barriers: Zoning; impact fees; parking; setbacks; approval process uncertanties; system skewed to benefit larger units or higher unit counts.

Houseplex
A home divided into multiple independent living spaces, may be a conversion or new construction. Co-living with shared spaces also an option.

Barriers: Zoning; adding heating/cooling; fire egress; cooking and sanitation facilities for each unit; parking; approval process; relatedness restrictions.

Low-rise Multifamily
Multifamily structures with 3-4 stories. Cost-effective design is wood-framed, no elevator.

Barriers: Zoning; building code; impact fees; soft costs of development; labor and construction costs; parking and other development standards.

Build the Middle Playbook 8 Introduction

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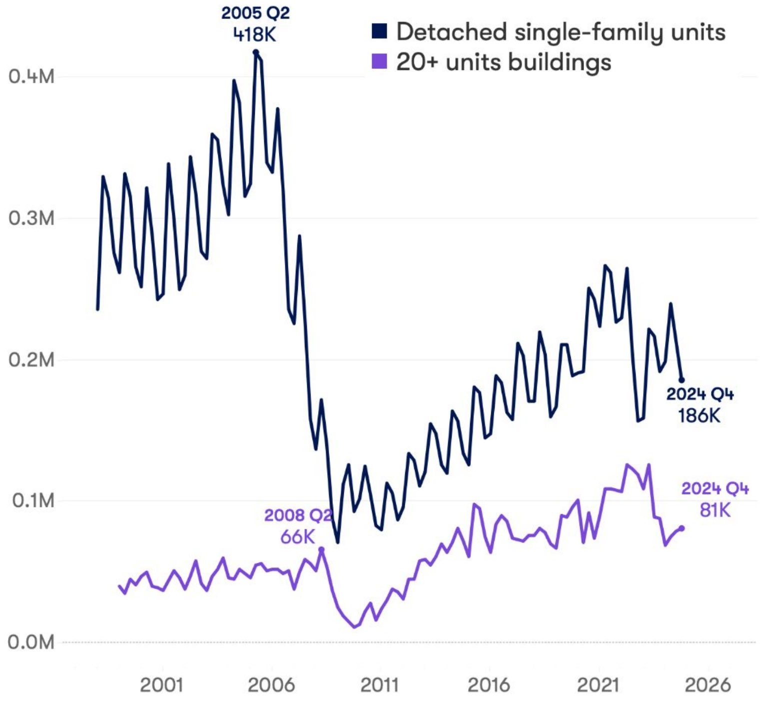
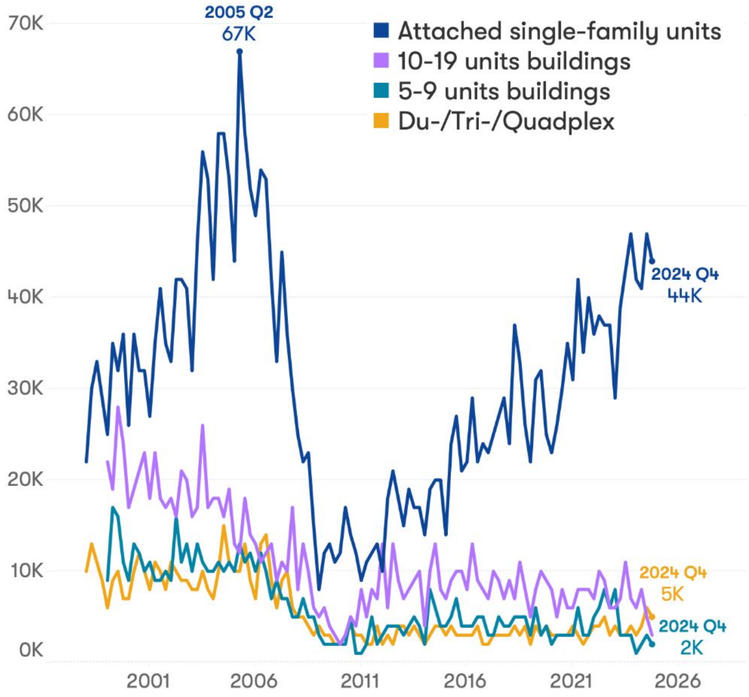
The missing middle. Townhouses, 2-4 units rising.

Seasonally adjusted, 1998 Q1 to 2024 Q4

Housing units starting construction in the United States





Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Privately-Owned Housing Units Started, retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org

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Growing support for 'missing middle' homes

Nationwide

- 78% of homeowners support at least one middle housing option
- 91% of renters support at least one

- 68% of adults support ADUs in their neighborhood
- 59% support duplexes and triplexes

In the Seattle metro

- 92% of adults would support at least one higher-density home type in their neighborhood
- 88% support ADUs and duplexes, tied for the highest among unit types
- 75% say middle density options would help with housing affordability

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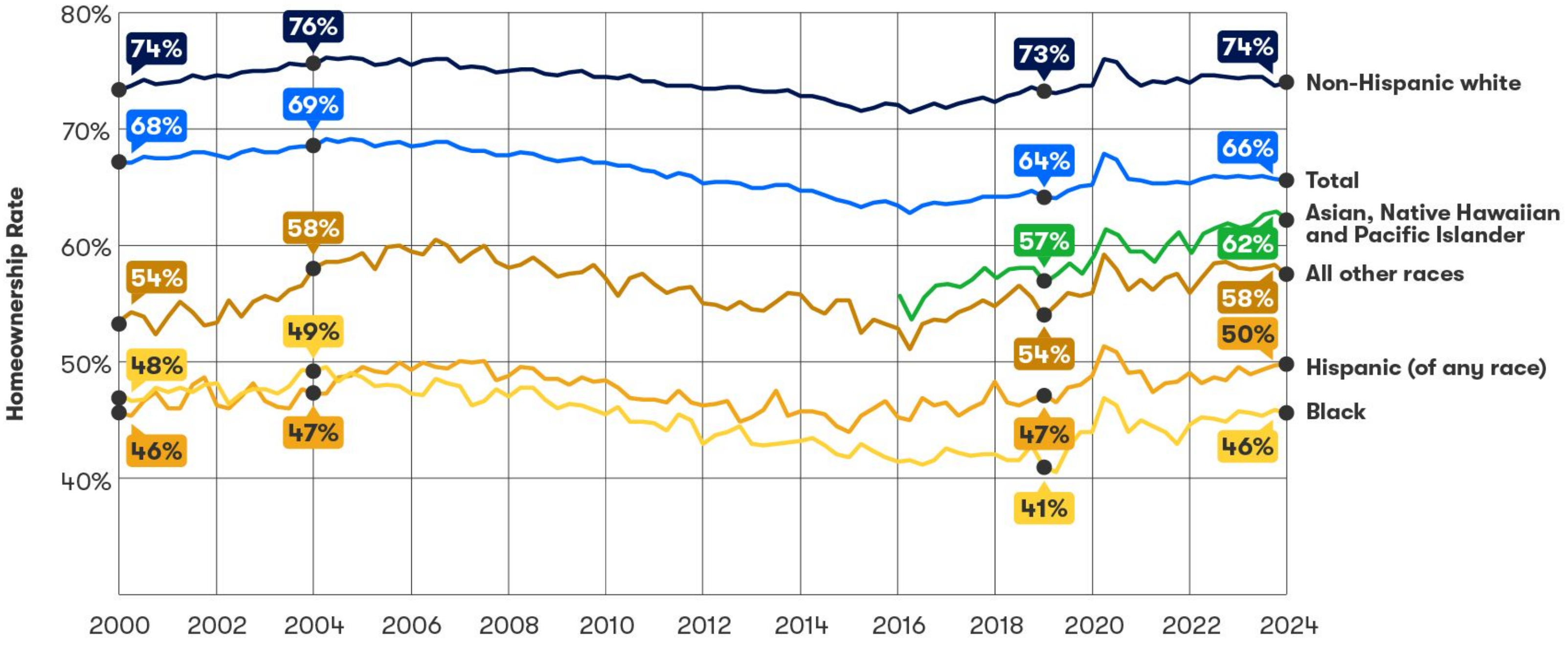
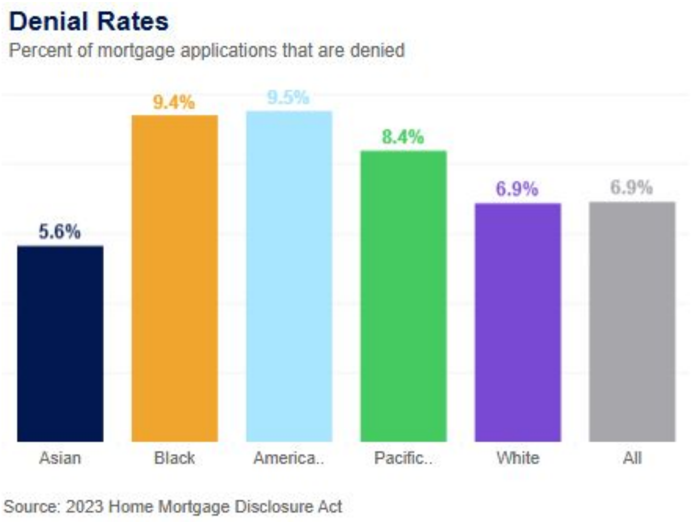
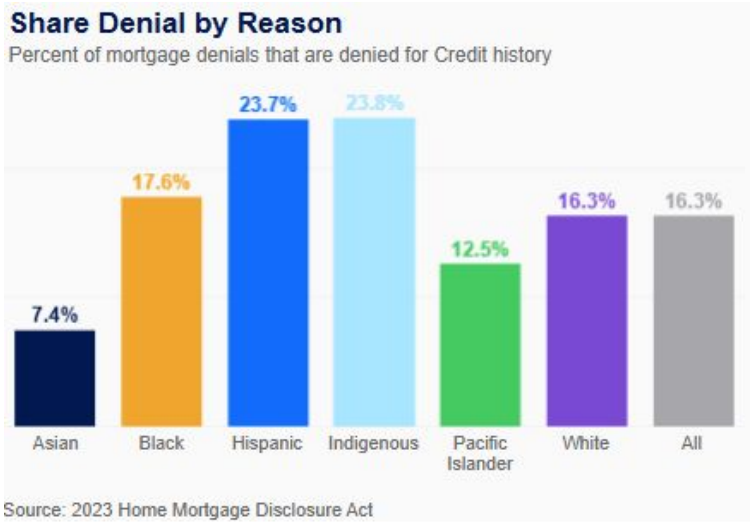
Gaps in homeownership by race remain nationwide



Source: U.S. Census Bureau

2023 HMDA Data for Washington State: Denials by Race





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Social Impact at Zillow

Connecting barriered customers with tools, partners, and resources that help them find a home.

Rent Reporting to Build Credit

Housing Counseling Pilots

BuyAbility Personalized Next Steps

Down Payment Assistance Module

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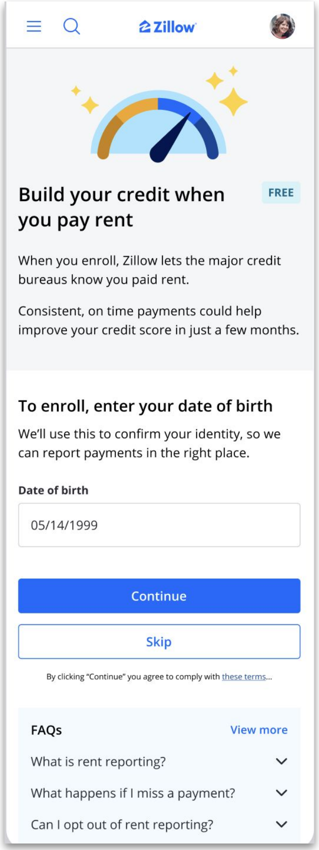
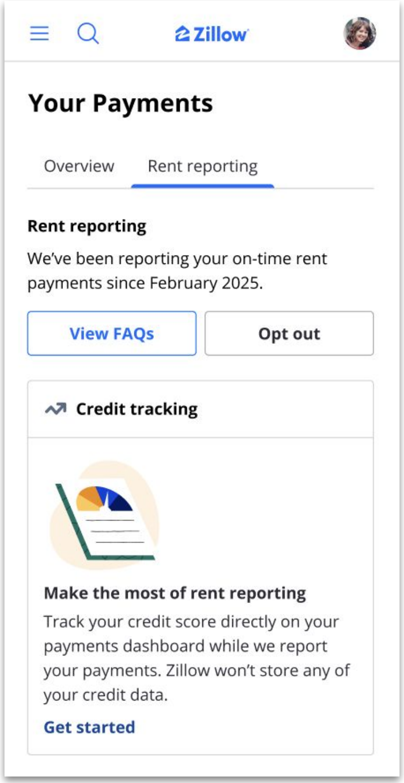
Rent Reporting

79% of renters who report rent payments to the bureaus see a credit score improvement

>80,000 renters are currently building their credit through our rent reporting tool.





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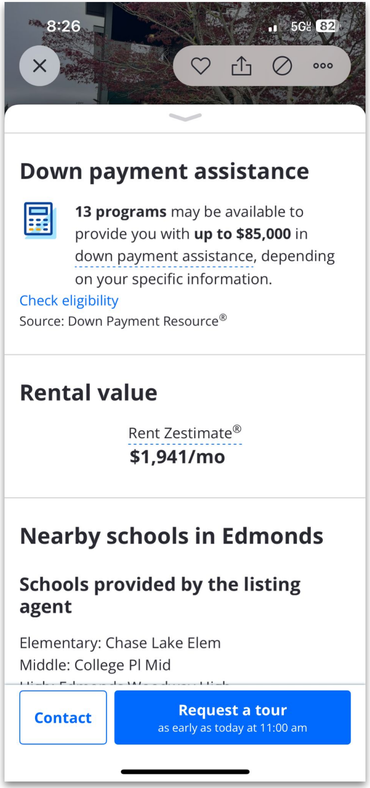
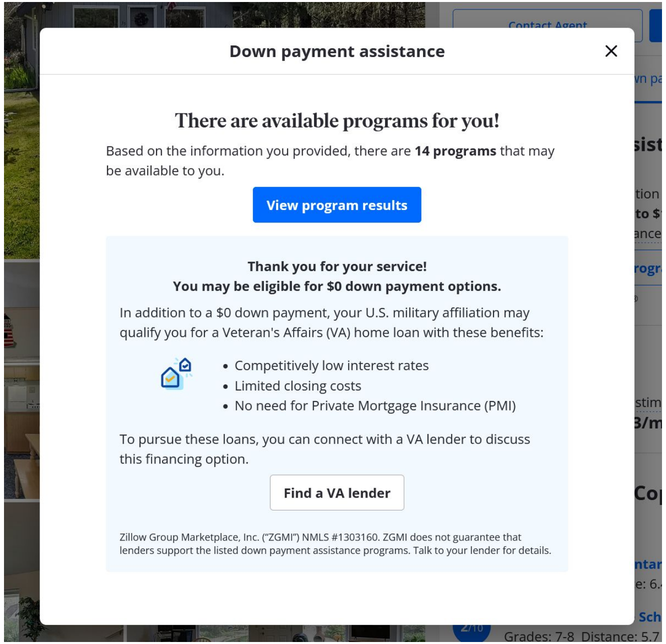
Down Payment Assistance Module

Over **5M** users have been connected to personalized down payment assistance resources through our module since 2021.





Gov. Jay Inslee signing HB 1474, the Covenant Homeownership Act (2023)

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Keep up with Zillow research & download the latest data

Housing Snapshot

Up-to-date local market knowledge to help set buyer and seller expectations

Market Heat Index

Up-to-date local market knowledge to help set buyer and seller expectations

Affordability Dashboard

Shows the impact of mortgage rates and down payments on first-time buyer affordability