

# 2007 Prosperity Partnership Consensus Housing Strategies



Prosperity  
PARTNERSHIP

Affordable housing is a foundation initiative in the Prosperity Partnership's Regional Economic Strategy. Having an adequate supply of affordable housing located in proximity to major employment centers supports the region's businesses, workers and their families, and promotes sound economic growth.

To that end, the Prosperity Partnership formed the Regional Housing Strategy Working Group in May 2007. Its members include representatives from a broad array of regional housing stakeholders: non-profit developers and public housing authorities, private developers and real estate professionals, local and state government housing officials and planners, local elected officials, employers, labor, and various non-profit organizations with an interest in housing issues. Chaired by Rita Ryder of the YWCA of Seattle–King County–Snohomish County and Bill Longbrake of Washington Mutual, the group was tasked with developing a consensus-based set of tools and strategies to increase access to housing for workers at all wage levels located near job centers throughout the region.

## What is the Challenge?

According to the Prosperity Partnership's recent Puget Sound Regional Competitiveness Indicators, housing affordability levels in the region have dropped to an all-time low, especially for first time homebuyers. Median housing prices for existing single-family homes increased throughout the region from the first quarter of 2006 to the first quarter of 2007, with increases ranging from 8% in Pierce County to 14% in Snohomish County. Prices rose slightly faster than in the previous four quarters for most counties. Housing affordability levels have dropped to an all-time low since 1994, when these data measures became available. The regional average of the All Buyer Affordability Index declined 7%. All counties in the region now fall below the 100 mark, a change from last year, when Kitsap and Pierce hovered just above the line. First Time Buyer Indices fall well below the mark for all four counties.

### Housing Affordability (2007 – 1<sup>st</sup> Quarter)

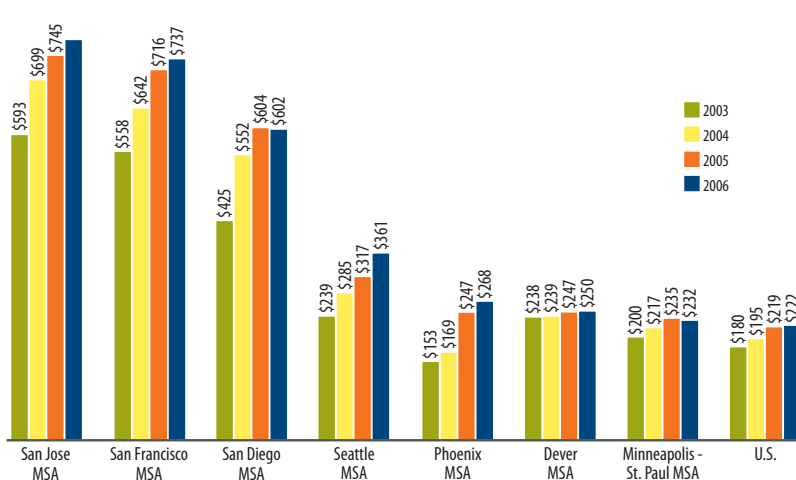
	Median Sales Price*	Percent Change from 2006	All Buyer Affordability Index	First Time Buyer Affordability Index
King	\$440,000	+10%	70.7	39.7
Kitsap	\$286,000	+10%	96.6	58.2
Pierce	\$282,000	+8%	95.6	56.4
Snohomish	\$370,000	+14%	81.6	49.6
WA State	\$300,800	+7%	88.9	52.0
U.S.	\$212,300	-3%	114.7	76.0

\* Existing single family homes. Source: WCRER.

## What Can We Do?

The Regional Housing Strategy Working Group brought together a disparate group of stakeholders together around this very complicated and often controversial issue in a way that was intended produced consensus, and our process was very effective in achieving that goal. Rather than try to debate issues or convince participants to change their positions, the work of the group focused on identifying areas of existing consensus, and working group members were polled after each meeting as to which strategies they felt they could support. Only the strategies with significant support and no

### Median Sales Price of Existing Single Family Homes by Metro Area, in Thousands of Dollars\* (2003–2006)



\* Not Seasonally adjusted. Source: NAR.

major objection were included in the working group's final report. The group met four times over a six month period, and evaluated 26 potential strategies, including (a) legislative efforts at the state level to create new tools and funding mechanisms to support and incentivize local affordable housing efforts and reduce the costs of housing, (b) consensus endorsement of existing regulatory and incentive-based affordable housing tools and approaches that local governments can use to facilitate and stimulate affordable housing production, and (c) the use of education & technical assistance to promote the use of existing affordable housing tools and best practices by local governments.

## Our Proposal

At the end of its six month process, the working group has selected the following three strategies for the Prosperity Partnership to pursue as part of its 2008 Action Items:

### State Funding for Infrastructure to Accommodate Growth and Promote Affordability

The working group identified the need to increase the ability of local jurisdictions to provide adequate infrastructure to accommodate the current and forecasted growth for our region. One of the important tools to achieve this goal is state funding for local infrastructure projects that directly support the Growth Management Act's affordable housing goals. Funds would be awarded based on the adoption of policies or tools that promote housing affordability and that add to the stock of affordable units in a community. Legislation to enact this proposal will also include strict accountability measures, such as a sunset clause and reporting requirements on the grantee projects and their contribution to the production of affordable housing units. Specific accountability language and the specific funding mechanism(s) will be negotiated with the governor and state legislature, based on practical and political concerns.

### Waiver on the State Portion of the Sales Tax for Low Income Housing Projects

The working group also identified the need to increase the supply of affordable housing through a waiver of the state portion of the sales tax on the hard and soft costs of construction and rehabilitation for low-income housing projects. This measure would help to lower the overall costs of low-income housing developments, which may incentivize a broader array of organizations to pursue the construction of affordable units. As with the funding for infrastructure, legislation to enact this proposal will include strict accountability measures, such as a sunset clause and reporting requirements on metrics like the number of units built using this waiver. Specific details will be negotiated with the governor and state legislature, based on practical and political concerns.

### Creation of a Program to Encourage Jurisdictions to Use Available Tools

The working group recognized the importance of the role played by local governments when it comes to housing and housing production. There are a vast number of tools and strategies available to local governments to encourage housing diversity and promote affordable housing. While one size does not fit all, many tools can be applied in a manner that is tailored to local markets conditions, community characteristics, and the vision for growth embodied in local comprehensive plans. The group agreed to establish a Housing Education and Technical Assistance Program to provide information to local elected officials about the full range of tools available to them, and technical assistance to help their jurisdictions adopt the tools which they identify as appropriate to the needs and circumstances of their particular communities.

### A Broad Coalition

The Prosperity Partnership is a coalition of over 250 government, business, labor, education and community organizations from King, Kitsap, Pierce, and Snohomish counties dedicated to maximizing economic opportunities for the region and all its citizens. Its shared goal is two-fold: long-term economic prosperity and 100,000 new jobs for the central Puget Sound region.

## Contact

For additional information, please contact Eric Schinfeld, Senior Economic Policy Analyst, at 206-971-3053 or [eschinfeld@psrc.org](mailto:eschinfeld@psrc.org)