



TO: Puget Sound Regional Council

FROM: Seattle King County REALTORS®
12410 SE 32nd St., #100, Bellevue, WA 98005

DATE: March 19, 2018

RE: Scoping Comments on PSRC Vision 2050:

**“We are in desperate need of housing supply
that will balance the recent job growth our region has experienced”**

Dear PSRC:

We are writing to offer these comments of record on behalf of our 7,000+ REALTORS® here in King County regarding the “Scoping” for “Vision 2050.” Seattle King County REALTORS® is the largest local REALTOR® Association in Washington.

We submit these comments because our region is in desperate need of housing supply that will balance the recent job growth our region has experienced.

We have great respect for those who serve the PSRC in the General Assembly, on the Executive Board, on the Operations Committee, the Transportation Policy Board, the Growth Management Policy Board, the Economic Development Board, the Regional Staff Committee and the PSRC staff.

However, based on current realities it is time for the PSRC to change its approach. Since the state’s Growth Management Act was adopted in 1990, its most glaring and debilitating deficiencies are in two areas of primary concern: Transportation and Housing. Addressing these two vital areas ought to be an overriding focus - for purposes of scoping the new Vision 2050.

Respectfully, the PSRC has been active and well-intentioned, but has mostly failed in these two critically important areas. For that reason, an incremental approach that seeks to mostly “do some tuning” of Vision 2040 will be akin to trying to expand a home that is perched atop a crumbling foundation.

It’s not easy to press the “reset” button and start over, but there is enormous, sustained and continuing evidence to indicate that is precisely what is needed because of the importance of the growing challenges in the areas of Transportation and Housing.

On transportation, the PSRC has expended money based on ideas of how the world “ought to be” instead of acknowledging the importance of dealing with what’s actually happening. What’s happening is that employers and families are making decisions about where to locate, live and move based on housing affordability and the transportation network. The failure of the PSRC to focus on congestion relief as a paramount responsibility now costs our region \$5 billion per year according to INRIX, Inc., which is

considered the world leader in transportation analytics and connected car services. Its data and analytics on traffic, parking, and population movement are intended to help city planners and engineers make data-based decisions to prioritize spending, rather than decisions motivated by political agendas that impose enormous collateral damage and financial consequences on the region. In the last year alone, those consequences have moved us from 10th Worst Congestion in the Nation to 9th Worst Congestion in the Nation among large urban areas:

2017 Rank (2016 Rank)	City/Large Urban Area	2017 Peak Hours in Congestion (% of 2016 change)	% of Total Drive Time in Congestion	Total Cost Per Driver in 2017	Total Cost to the City in 2017
9 (10)	Seattle, WA	55 (0%)	12%	\$ 1,853	\$5.0 Billion

How does the \$5 billion in congestion costs for 2017 alone compare to the amount of federal transportation funding the PSRC allocated to transportation projects in 2017? We believe the answer to that question should be a direct reflection of the urgency for PSRC to prioritize congestion relief in its funding decisions and project approvals.

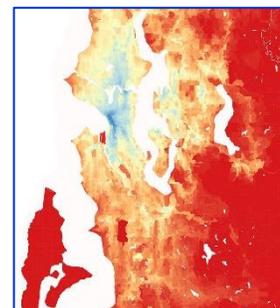
The PSRC should begin making regionally-based decisions that are measured against mobility and congestion relief for the region (as opposed to geographically constrained multi-modal project preferences). Failing to do so will prompt employers and workers to make re-location decisions away from the region if they do not have regional mobility and congestion relief.

We acknowledge that in the areas which will eventually be served decades from now by Link-Light-Rail there will be additional capacity. But it does not pass the “straight-faced” filter to say those plans amount to a workable solution to the region’s transportation challenges, especially freight mobility and peak hours congestion relief.

Extending a light rail line north, south and east will not be sufficient to address the transportation challenges that will accompany new regional growth that the Puget Sound Regional Council has said by 2050 will include “1.8 million more residents and 1.2 million more jobs.” PSRC has announced that such growth “means population could reach 5.8 million (42% increase from today) while jobs top 3.4 million (36% increase from today).”

Moreover, history has demonstrated pretty clearly that despite good intentions, light rail expansion cannot site and build parking garages at transit stations with capacities anywhere near what is required for the region to be able to rely on light rail to move a significant percentage of the region’s workers to and from their jobs.

Bussing those workers to transit stations (instead of drive and park) in order to transfer to light rail would likely also be problematic given the inadequacy of transit service in suburban areas as reflected in the red area is of this map prepared by Brandon Martin-Anderson of [Conveyal](#). Martin-Anderson’s cartography identifies the number of jobs accessible by public transit commute on any given weekday morning. Dark blue areas can reach over 500,000 jobs in an hour’s transit time; dark red areas, fewer than 10,000. This is not simply an indicator of where jobs are located, it’s a reflection that the areas in red are not well-served by transit that would get workers to a job within an hour.



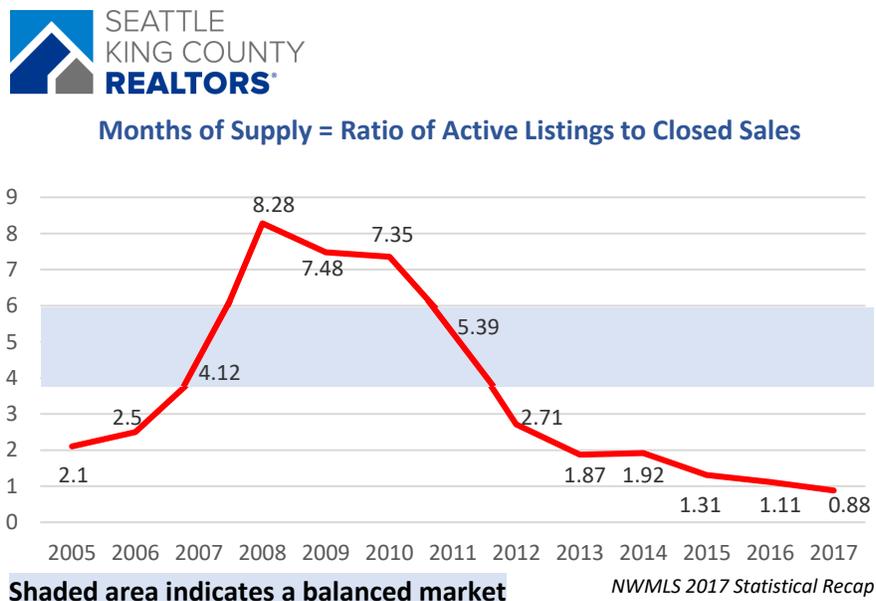
The data appear to indicate pretty clearly that this region is spending transportation dollars in a way that is moving the region towards becoming more congested than many other major urban areas in the nation, and leaving major portions of the region underserved in terms of access to functional and effective transportation solutions.

The other area where the PSRC has been an impediment to the success of GMA involves housing, most recently in connection with the agency’s attempt to prevent small cities from accommodating additional housing needed to meet market demand.

We simply do not have enough housing for everyone who needs a place to live. As regards the PSRC’s Vision 2050, our concern in this regard is two-fold:

First, for a healthy, stable real estate market we need 4 to 6 months of housing supply available to buyers.

This graph shows the severe shortage we have experienced since the end of the recession, and an unprecedented run of five consecutive years with less than 2 months of supply in King County.



When we do not have 4 to 6 months of housing available for buyers, workers expand their search area to neighboring cities and neighboring counties in order to find a place to live, and then commute longer distances to their job. In the process, they dramatically increase the region’s carbon footprint and the environmental challenges to our region’s quality of life.

Shelter is necessity of life. Because the need for housing does not disappear simply because prices rise, economists characterize this necessity of life as having “inelastic demand” – meaning that when supply is insufficient to meet demand, prices rise. That is what continues to happen here.

The following six introductory paragraphs to a March 6, 2018, story in the *Seattle Times* summarize what has been happening in the PSRC's four-county region:

"Both Seattle and the Eastside again have smashed home-price records as the region's housing market continues to be brutal for homebuyers even before the peak spring season kicks off.

New monthly home-sales data released Tuesday showed Seattle's median single-family-home price hit \$777,000 in February, \$20,000 more than the previous all-time high set just [a month prior](#).

On the Eastside, the median cost of a house was \$950,000, or \$12,000 more than the peak price from [two months ago](#).

And yet there is little escape for people priced out of the region's most expensive markets.

Home prices grew at least 15 percent in every county in the Puget Sound region, according to the [Northwest Multiple Listing Service](#).

Both Snohomish and Pierce counties set a record high for home values, even though prices historically have lagged in the winter."

<https://www.seattletimes.com/business/real-estate/new-home-price-records-777000-in-seattle-950000-on-the-eastside/>

As REALTORS® we are extremely concerned that the lack of Housing Supply to meet the *Actual Market Demand* for Housing that is associated with job growth - both here in King County and regionally - is producing barriers to housing the region's workforce unlike anything we have seen in more than three decades.

To further illustrate the reason for our concern, we would point the PSRC to the following examples of price increases in February data released on March 6th by the Northwest Multiple Listing Service (NWMLS):

Single-family home prices (median "SOLD" prices) were up year-over-year:

- **40.78 %** in the Kirkland Bridle Trails area
- **34.31 %** in the SODO/Beacon Hill area
- **31.25 %** in the Juanita/Woodinville area
- **29.60 %** on Mercer Island
- **28.88 %** in the West Seattle area

Condominium prices (median "SOLD" prices) were up year-over-year:

- **158.36 %** in the Richmond Beach/Shoreline area
- **93.75 %** in the Bellevue/East area
- **63.85 %** in the Skyway area
- **51.12 %** in the West Seattle area
- **44.29 %** in the Redmond/Carnation area
- **40.91 %** in the Jovita/West Hill area
- **38.19 %** in the Lake Forest Park area
- **30.43 %** in the North Seattle area
- **29.34 %** in the Auburn area

Second, efforts to restrict the creation of additional housing units are not well-advised and move the region farther from - instead of closer to - achieving the GMA Housing Goal in RCW 36.70A.020 (4) which focuses upon a diverse supply of housing that is affordable ***“to all economic segments of the population of this state.”***

If PSRC is going to include housing within the scope of Vision 2050 - particularly as regards the certification of local comprehensive plans - the PSRC needs to make a sea-shift departure from its past practice.

Specifically, the PSRC should base its analysis of housing (including planning for, constructing and augmenting the supply of housing) upon a timely analysis - updated at least biannually - of whether or not housing is affordable to all economic segments of the population in the county, consistent with the Housing Goal in GMA.

As a “gateway metric” to such bi-annual analysis, the PSRC should ask two questions, and evaluate the answers to the questions on a county-by-county basis:

1. During the most recent 24 months, could a household earning the county-wide median household income afford the median “sold” purchase price for houses and condos combined using FHA minimum down, maximum-base loan amount financing?
2. During the most recent 24 months, could a household earning 80% of the county-wide median household income afford to rent the median-priced apartment without having to pay more than 30% of monthly household income for monthly rent?

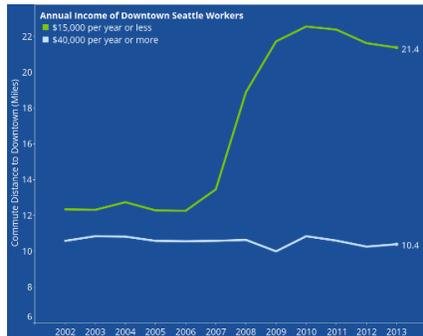
If the answer to either of those questions is “No” the PSRC should respond to the failure in that county by prioritizing both transportation project approvals and financial support for projects based upon:

- How aggressively the respective city or county is modifying its comprehensive plan, zoned densities and development regulations in ways likely to improve the imbalance between the supply of housing and the demand for housing. Such changes could be evaluated by examining the percentage increase in the number of housing units that will be facilitated above and beyond the jurisdiction’s CPP total housing target, especially since the PSRC eventually acknowledged in 2017 that those housing targets are minimums, not maximums.
- The likelihood that the jurisdiction’s modifications to its comprehensive plan, zoned densities and development regulations will actually be “achieved on the ground” and improve the likelihood the county will move significantly closer to achieving the Housing Goal in GMA.
- The degree to which the project (for which PSRC-controlled funding is sought) will serve the housing units likely to result from the jurisdiction’s modifications to its comprehensive plan, zoned densities and development regulations.

The geographic area served by the PSRC continues to be plagued by worsening congestion that is now “9th Worst in the Nation” among large urban areas.

The lack of housing opportunities to meet the needs of the workforce in PSRC’s four-county region continues to create multi-county sprawl, especially in connection with workers commuting to work across county lines. The cost of transportation infrastructure required to address the multi-county sprawl

created by the lack of housing means transportation solutions become much more complicated and expensive, not just for government, but also for workers least able to afford those commutes.



This graph by Zillow illustrates that those least-able to afford housing are also the hardest hit by the disconnect between plans for housing and transportation, and the reality on the ground:

Seattle workers earning less than \$15,000 annually must now commute an average of 21.4 miles to their job, while Seattle workers earning more than \$40,000 annually have commutes which average less than half that distance.

The lack of housing opportunities has placed the American Dream at untenable risk in the PSRC’s four-county region.

Just last month, on February 27th, the Seattle Times reported that for the 16th month in a row Seattle led the nation in home price increases, a distinction that has not occurred since the turn-of-the-century:

“Seattle-area home market was nation’s hottest for 2017 — and cheaper areas from Bellingham to Spokane weren’t far behind

Single-family-home prices for the metro area that spans from Tacoma to Everett grew 12.7 percent in December from the previous year, according to the monthly Case-Shiller home price index, [released Tuesday](#).

It was the 16th month in a row that Seattle led the nation in home-price increases. That extends a local record and is the longest streak in the nation since the dot-com bubble in San Francisco around the turn of the century.”

<https://www.seattletimes.com/business/real-estate/seattle-area-home-market-was-nations-hottest-for-2017/>

This situation will also likely affect the potential for the PSRC’s Economic Development Board to be successful in recruiting and retaining high quality employers. We believe it is unrealistic to think most local employers can pay wages high enough to allow their workers to be able to afford the region’s escalating home prices and rents, and still have any hope of maintaining control of their cost structures in a way that will allow them to remain competitive in regional, national and international markets.

Conclusion

Respectfully, we request that rather than engaging in an incremental adjustment to the Vision 2040 policy approaches for transportation and housing that have failed the Puget Sound Region, it is time for the PSRC to change its approach.

The greatest challenges facing our region (within the purview of PSRC) are transportation congestion, and lack of housing supply. As PSRC scopes Vision 2050 it should acknowledge the worsening congestion that has reached increasingly higher levels of national note, and the lack of housing supply that continues to produce “hottest in the nation” housing price increases.

That congestion - and the housing crisis which both King County and the city of Seattle last year formally declared an official “emergency” - continue to be the irrefutable “reality on the ground.”

PSRC should hit the reset button, and develop Vision 2050 policies, assessments, accountability measures and project approvals/funding prioritization tied to the kinds of quantitative metrics we have suggested. We believe that failure to do so will continue to produce the kinds of enormous collateral damage that is reflected in both governmental and industry expert data.

Thank you for the opportunity to submit these scoping comments for Vision 2050.

Sincerely,

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