

Topics:

- What is the Missing Middle?
- What is the Problem?
- State Policy Considerations
- Local Problems and Solutions

Missing Middle Policy Framework



Department of Commerce

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Affordability



- **Mason County median sales price for a single-family home \$240,000**
- **Mason County median family income \$64,600**
- **Mason County median household income \$25,661**
- **Mason County HAI: 135**
- **Mason County First Time HAI: 38**
- **Mason County single-family inventory:**
 - 2012: 22,425 units**
 - 2017: 23,138 units**
- **Mason County multifamily housing inventory:**
 - 2012: 7,662 units**
 - 2017: 7,681 units**

Economics 101

“When the market leads to an inefficient allocation of resources”

- Rapid Economic and Population Growth
- Competition for Builders
- Rising Costs of Land and Construction Labor

Response: Help the market deliver.



What's Missing?



Microhouse



What's the Problem?



Land Use

- Regulatory Barriers in land-use and zoning
- Lack of rural market incentives
- Developable land within UGA
- Community Opposition

Cost/Finance

- Cost of construction relative to rents/purchase price
- Financial barriers to entry/down payment
- Lack of construction financing for low and middle-income projects

Infrastructure

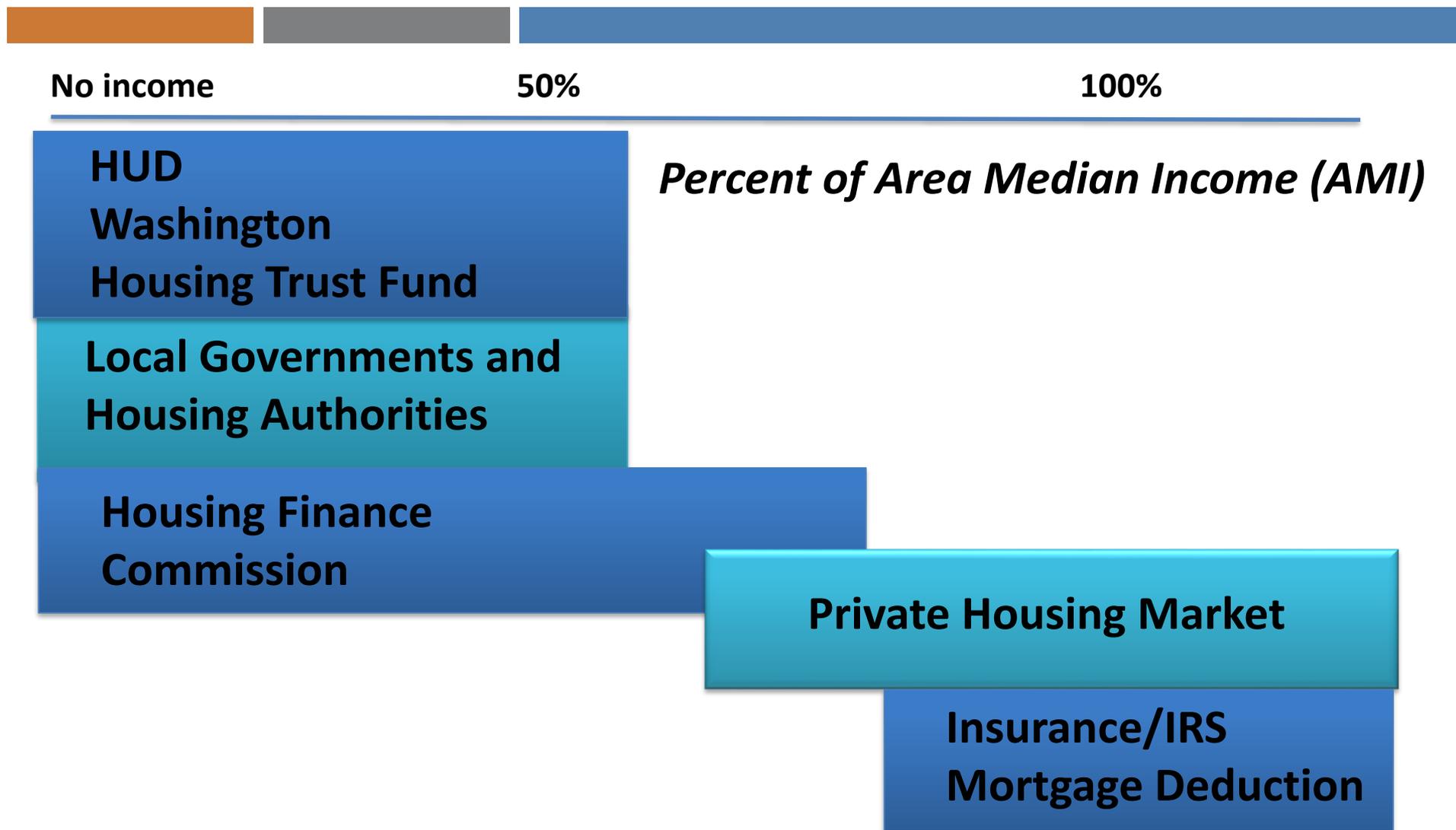
- Local streets and sidewalks
- Sewer and Water system connections/upgrades

Tools for Missing Middle Housing

- **Affordable Housing Incentive Programs**
- **Subsidies and Tax Credits, Land Trusts**
- **Planned Actions**
- **Infrastructure Assistance**
- **Communication**



“Building affordable housing is truly a public-private partnership and the private only takes you so far.”



Mason County

Multifamily Housing in Mason County

JLARC Staff 2018 Tax Preference Performance Review

Property Tax

Estimated 2019-21 beneficiary savings: \$0

Property tax exemption available in Mason County to stimulate construction of multifamily housing

- Owners of new, expanded, or updated multifamily housing in targeted areas of rural counties are eligible.
- The housing must have at least four units and include affordable housing.
- Property remains exempt for 8 or 12 years, depending on the percent of units that are affordable.
- Rural county: must border Puget sound and have a population between 50,000 and 71,000.

Only Mason County meets the definition of rural county for this preference



The preference has not stimulated multifamily housing construction in Mason County as intended

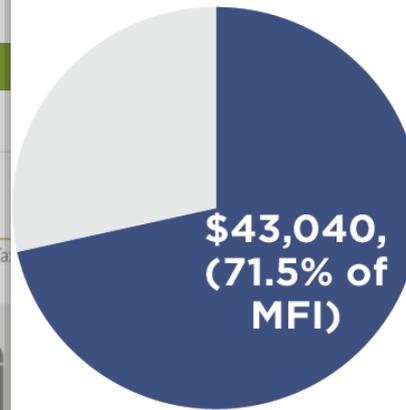
No developers have built multifamily housing in Mason County since the Legislature approved the preference in 2014.

Applications cannot be accepted after January 1, 2020.

The Legislature stated its intent to extend the deadline if at least 20 percent of new housing units were occupied by low or moderate income households. This has not occurred.

4 people / 3 bedrooms

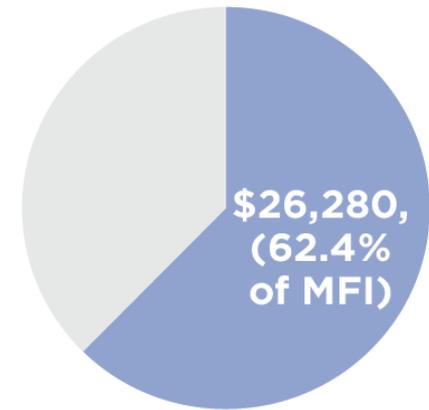
Fair Market Rent: \$1,076



■ required income

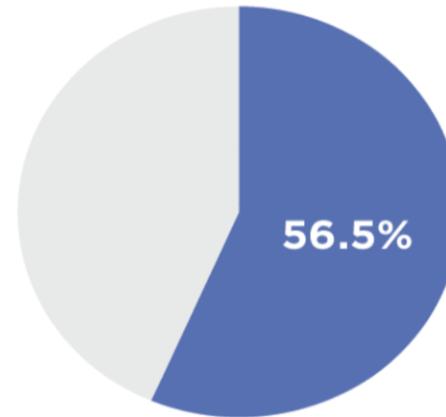
1 person / 1 bedroom

Fair Market Rent: \$657



■ required income

Maximum Affordable Home Value: \$244,924



■ % of owner-occupied homes that are affordable

Washington's Future



Affordable Housing Advisory Board

www.commerce.wa.gov/ahab

Growth Management Act – RCW 36.70A

Local Project Review Act – RCW 36.70B

Land Use Petition Act – RCW 36.70C

Planning Enabling Act – RCW 36.70

Shoreline Management Act – RCW 90.58

State Environmental Policy Act – RCW 43.21

Subdivision Statute – RCW 58.17

Regional Transportation Planning – RCW 47.80

Water System Coordination Act – RCW 70.116

Local Governance – RCW 35, 35A, 36

State, regional, local revenue authority



Questions?

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