ESSBHB1110: Development & Redevelopment Impacts

For More Information contact:
Robin Koskey
Director, Government Relations and Communications
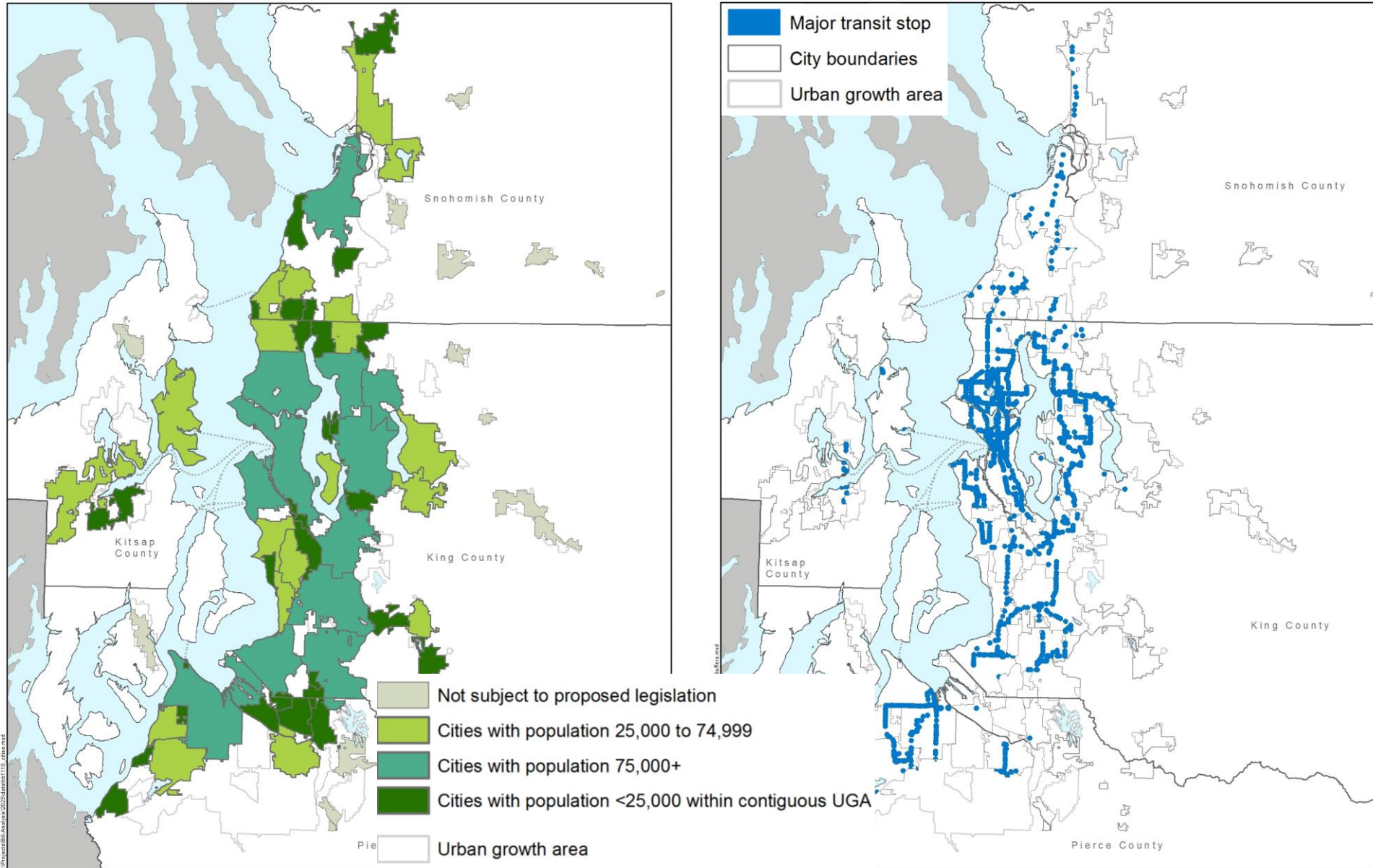Rkoskey@psrc.org
401-662-9852

Puget Sound Regional Council

Middle Housing Bill Analysis: Overview

- This analysis is of Engrossed Second Substitute House Bill 1110 as amended by the Senate Ways and Means Committee ([HB1110-S2.E AMS WM](#))

- The intent was to conduct a high-level, broad brush stroke analysis to quantify the rough scale of impact the bill may have within PSRC's four-county region

- The analysis attempted to answer the following questions:

  1. How many parcels are subject to the proposed bill, and where are they located?

  2. Which parcels are more likely to develop or redevelop over the next 20-30 years?

  3. What is the rough scale of middle housing development that could occur on parcels more likely to develop or redevelop?

     - Note: This part of the analysis was **not** produced as a modeled forecast; rather these are asserted scenarios based on a series of educated estimates and assumptions

- Development would occur over a period of approximately 20-30 years

Cities subject to proposed legislation

Areas subject to bill's additional TOD requirements

Legend (left map):
- Not subject to proposed legislation
- Cities with population 25,000 to 74,999
- Cities with population 75,000+
- Cities with population <25,000 within contiguous UGA
- Urban growth area

Labels: Snohomish County, Kitsap County, King County, Pie...

Legend (right map):
- Major transit stop
- City boundaries
- Urban growth area

Labels: Snohomish County, Kitsap County, King County, Pierce County

Stanwood, Darrington, Skykomish and Eatonville (not pictured) are not subject to the legislation

Determine which parcels are more likely to develop or redevelop

- Apply development propensity criteria → Land value > Improvement value AND Built sqft < 1,400

- Specify which parcels are within or outside a major transit stop area

Parcels subject to proposed legislation, filtered by
developable land area (2,000+ sqft) and current use (vacant or 1 DU)

573,000

↓

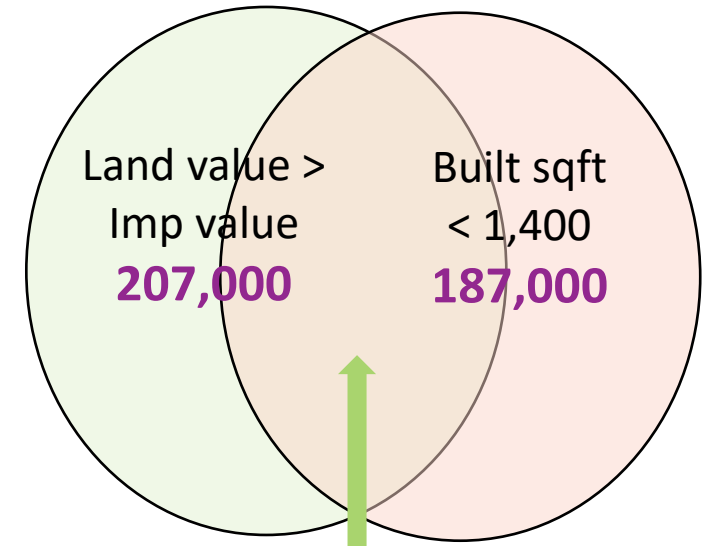Land value > Improvement value AND Built sqft < 1,400

105,000
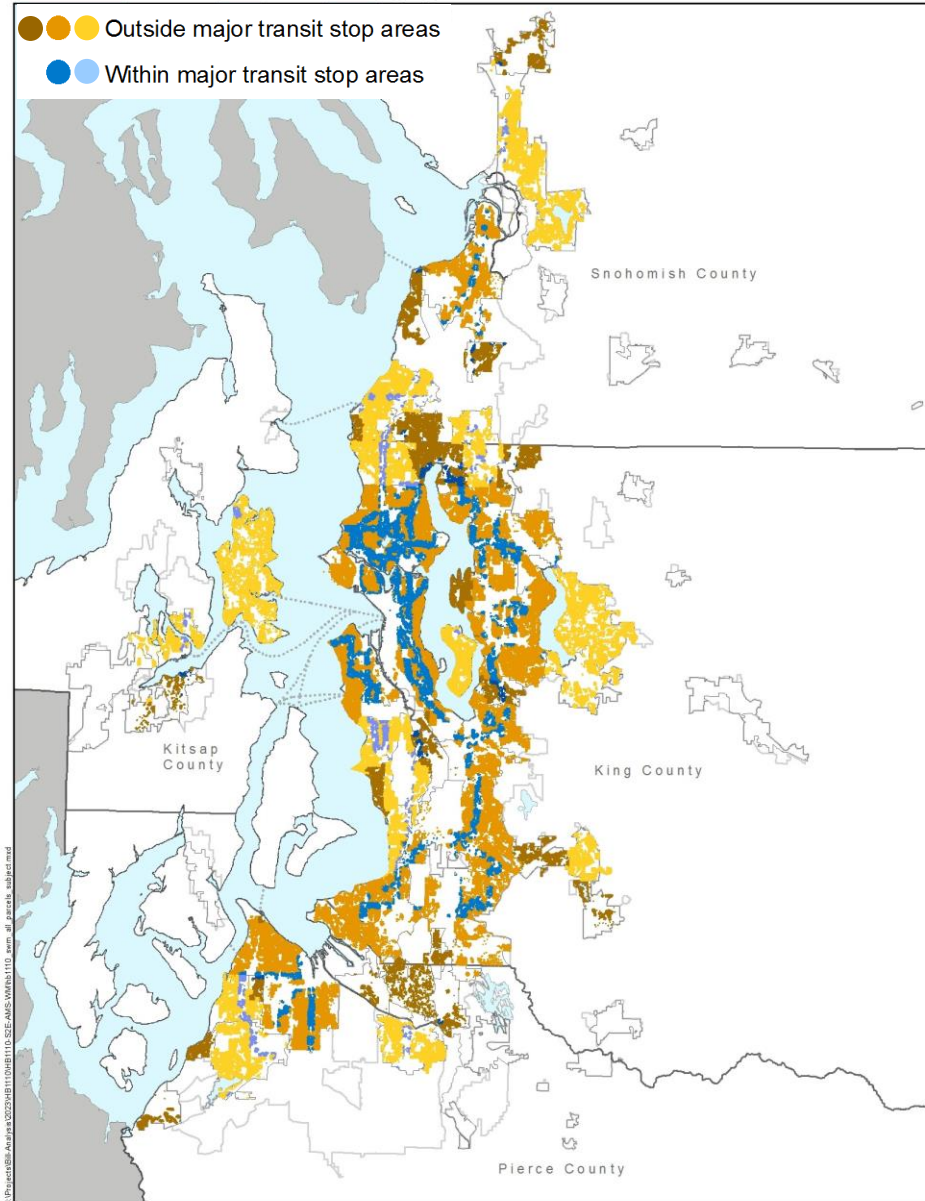
Within major
transit stop area

22,000

Outside major
transit stop area

83,000

Development Propensity Criteria
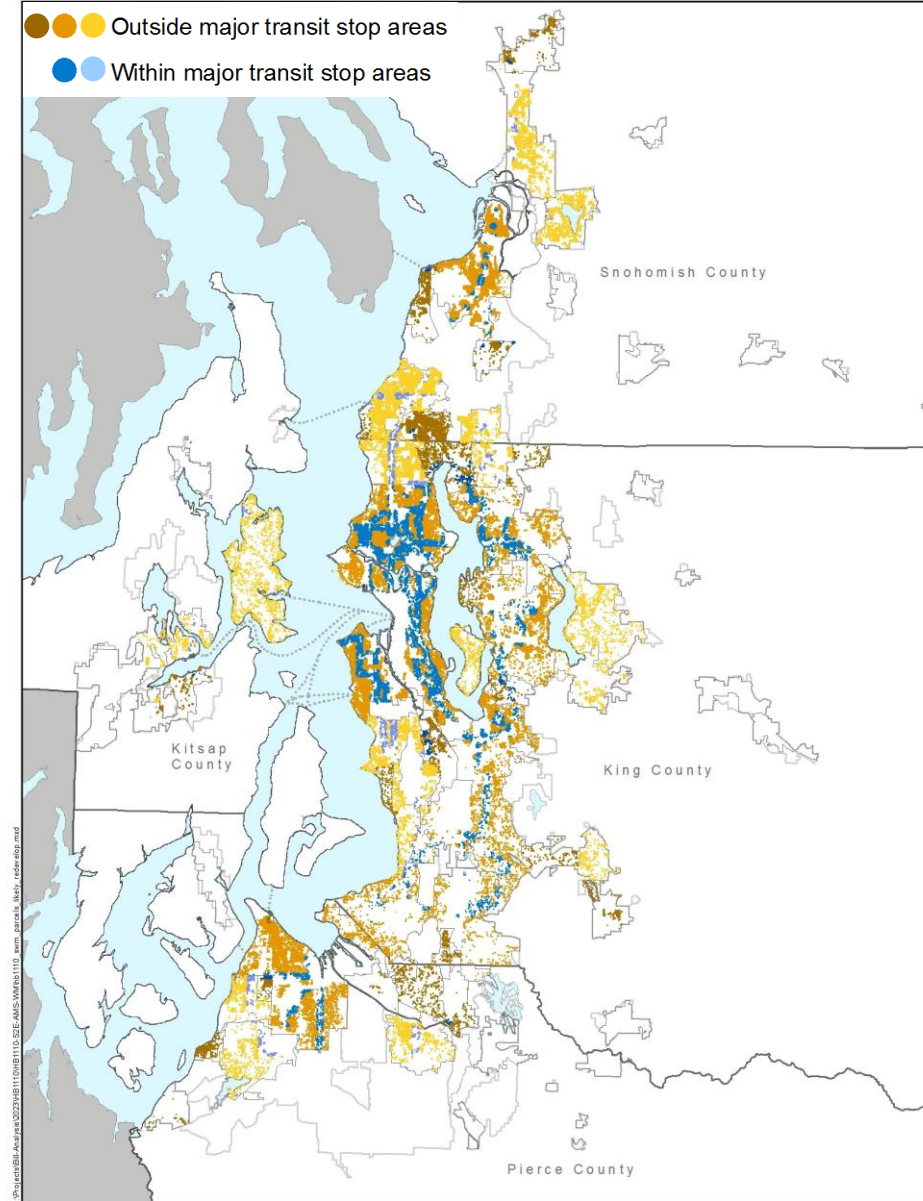
Land value >
Imp value
207,000

Built sqft
< 1,400
187,000

Both Value and Size criteria met →
parcels more likely to develop or redevelop
105,000

Parcels subject to proposed legislation

Legend:
- Outside major transit stop areas
- Within major transit stop areas

Snohomish County
Kitsap County
King County
Pierce County

Parcels more likely to develop or redevelop

Legend:
- Outside major transit stop areas
- Within major transit stop areas

Snohomish County
Kitsap County
King County
Pierce County

Note: The relatively simple indicators used to identify parcels with a greater propensity to develop or redevelop may under-capture parcels with larger units in stronger markets that are reasonable candidates for redevelopment and over-capture parcels with lower improvement values in weaker markets.

Part 4: Estimate middle housing production that may occur on parcels more likely to develop or redevelop

- **Mid-High Scenario:** Assumes 50% of maximum development capacity is realized

Parcels within Tier 1 Cities	Dwelling units	Parcels within Tier 2 Cities	Dwelling units	Parcels within Tier 3 Cities	Dwelling units
TOD: 1,000	5,000	TOD: 10,000	50,000	TOD:	n/a
Non-TOD: 15,000	19,000	Non-TOD: 21,000	68,000	Non-TOD: 6,000	8,000
*Net total capacity:	24,000		118,000		8,000
TOTAL:					150,000

Note: Tier 1 Cities: Population 25,000-74,999. Tier 2 Cities: Population 75,000+. Tier 3 Cities: Population <25,000, within contiguous UGA. The Mid-High Scenario pivots off the Maximum Capacity Scenario and assumes that 50% of the maximum development capacity of parcels identified as more likely to develop or redevelop (105,000 parcels) is realized. This scenario represents an optimistic estimate of middle housing production that may be incentivized under the proposed legislation. The analysis does not account for additional dwelling units that may be created through the bill's density bonus provision for affordable housing. Numbers may not add due to rounding.

Part 4: Estimate middle housing production that may occur on parcels more likely to develop or redevelop

- **Mid-Low Scenario:** Assumes 33% of maximum development capacity is realized

Parcels within Tier 1 Cities	Dwelling units	Parcels within Tier 2 Cities	Dwelling units	Parcels within Tier 3 Cities	Dwelling units
TOD: 1,000	3,000	TOD: 6,000	33,000	TOD:	n/a
Non-TOD: 10,000	13,000	Non-TOD: 14,000	45,000	Non-TOD: 4,000	5,000
*Net total capacity:	**16,000**		**78,000**		**5,000**
TOTAL:					**100,000**

Note: Tier 1 Cities: Population 25,000-74,999. Tier 2 Cities: Population 75,000+. Tier 3 Cities: Population <25,000, within contiguous UGA. The Mid-Low Scenario pivots off the Maximum Capacity Scenario and assumes that 33% of the maximum development capacity of parcels identified as more likely to develop or redevelop (105,000 parcels) is realized. This scenario represents a moderately conservative estimate of middle housing production that may be incentivized under the proposed legislation. The analysis does not account for additional dwelling units that may be created through the bill's density bonus provision for affordable housing. Numbers may not add due to rounding.

Part 4: Estimate middle housing production that may occur on parcels more likely to develop or redevelop

- **Low Scenario:** Assumes 25% of maximum development capacity is realized

Parcels within Tier 1 Cities	Dwelling units	Parcels within Tier 2 Cities	Dwelling units	Parcels within Tier 3 Cities	Dwelling units
TOD: 1,000	2,000	TOD: 5,000	25,000	TOD:	n/a
Non-TOD: 7,000	10,000	Non-TOD: 10,000	34,000	Non-TOD: 3,000	4,000
*Net total capacity:	**12,000**		**59,000**		**4,000**
TOTAL:					**75,000**

Note: Tier 1 Cities: Population 25,000-74,999. Tier 2 Cities: Population 75,000+. Tier 3 Cities: Population <25,000, within contiguous UGA. The Low Scenario pivots off the Maximum Capacity Scenario and assumes that 25% of the maximum development capacity of parcels identified as more likely to develop or redevelop (105,000 parcels) is realized. This scenario represents a conservative estimate of middle housing production that may be incentivized under the proposed legislation. The analysis does not account for additional dwelling units that may be created through the bill's density bonus provision for affordable housing. Numbers may not add due to rounding.

Key Excerpts from HB1110

Sec. 2 (20) "'Major transit stop' means:

(a) A stop on a high capacity transportation system funded or expanded under the provisions of chapter 81.104 RCW;

(b) Commuter rail stops;

(c) Stops on rail or fixed guideway systems; or

(d) Stops on bus rapid transit routes."

Sec. 3 (1) A city subject to the bill must provide authorization for the following:

(a) "[**Tier 1 Cities:**] For cities with a <u>population of at least 25,000 but less than 75,000 </u>based on office of financial management population estimates:

(i) The development of at least two units per lot on all lots zoned predominantly for residential use;

(ii) The development of at least four units per lot on all lots zoned predominantly for residential use within one-quarter mile walking distance of a major transit stop…

(b) [**Tier 2 Cities:**] For cities with a <u>population of at least 75,000 </u>based on office of financial management population estimates:

(i) The development of at least four units per lot on all lots zoned predominantly for residential use;

(ii) The development of at least six units per lot on all lots zoned predominantly for residential use within one-quarter mile walking distance of a major transit stop…

(c) [**Tier 3 Cities:**] For cities with a <u>population of less than 25,000, that are within a contiguous urban growth area with the largest city in a county with a population of more than 275,000</u>, based on office of financial management population estimates the development of at least two units per lot on all lots zoned predominantly for residential use."

Middle Housing Bill Analysis: Technical Notes

- **City classifications:** This version of the analysis reclassified several cities across categories to reflect the amended language of the bill:
  - Tier 1: Cities between 25,000 and 74,999 population – subject to 2/4 du/lot (non-TOD/TOD) zoning requirements
  - Tier 2: Cities with 75,000 or more population – subject to 4/6 du/lot (non-TOD/TOD) zoning requirements
  - Tier 3: Cities with less than 25,000 population within the contiguous UGA – subject to 2 du/lot zoning requirements

- **TOD areas:** This version of the analysis uses the bill's definition of "major transit stop" and TOD area buffer distances
  - The analysis starts with PSRC's definition of high-capacity transit stations, removes ferry terminals, and applies a 1/4 mile buffer around major transit stops located in cities with a population of 25,000 or more (Tiers 1 and 2)
  - Buffers are based on a radial "crow flies" distance as opposed to a network-based walk distance

- **Mixed use zones:** This analysis removes parcels in mixed use zones from the calculations

- **Alternative density provisions:** The analysis uses the density requirements set forth in Section 3 of the bill, and does not evaluate the alternative density provisions allowed for under Sections 4 and 5 of the bill

- **Affordability provisions:** The analysis does not account for the bill's affordable housing provisions

Data Sources and Notes:

- *Cities subject to HB1110-S2.E AMS WS were defined using [OFM's April 1, 2022 population estimates](#)*

- *Parcel data and attributes are from PSRC's 2018 UrbanSim model database, derived from:*

  - *Assessor data circa early 2019*

  - *Zoning information from PSRC's 2015/2016 future year land use (FLU) file*

- *Data representing environmental development constraints are also from PSRC's 2018 UrbanSim model database, derived from critical areas data collected from local jurisdictions and supplemented by additional state and local environmental data sets*

- *This analysis utilized the following definition of major transit stops:*

  - *All light rail, commuter rail, streetcar, and BRT stops included in PSRC's VISION 2050 definition of high-capacity transit stations, excluding ferry terminals*

  - *This definition includes a small number of BRT stops on segments not included in PSRC's 2022 constrained (or funded) Regional Transportation Plan*

  - *This definition covers both existing and future planned major transit routes and stops*