

2025

Affordable Housing Progress Update

Pursuant to [RCW 43.185B.040](#)

February 2025

Report to the Legislature

Director Joe Nguyễn

**AFFORDABLE HOUSING
ADVISORY BOARD**

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Executive summary

Overview

The Affordable Housing Advisory Board (AHAB) is a 25-member board with 22 members appointed by the governor. Its role is to “address the state’s need for housing that is affordable to all economic segments and populations,” and it serves as Washington State Department of Commerce’s (Commerce) principal advisory body on housing and housing-related issues. [RCW 43.185B.040](#) requires AHAB to “submit an annual progress report to the legislature, detailing the extent to which the state’s affordable housing needs were met during the preceding year and recommendations for meeting those needs.” This report constitutes the 2025 update and covers data available through 2024. No update was completed in 2024; instead, the [2023-2028 Housing Advisory Plan](#) was submitted in its place.

Key findings

This annual report presents an assessment of progress over the past year. It includes the latest data for progress indicators to support five goals:

1. Increase housing production and supply:

- **Total housing production:** Annual housing unit permits declined in 2023 and 2024, likely due to rising construction costs and interest rates. The state is not on pace to meet projected housing needs, with production rates falling short of targets for both market-rate and affordable units.
- **Multifamily housing units:** Permits for multifamily housing have declined significantly since a 2022 peak, worsening the shortage for households earning 0-80% of the area median income.
- **Accessory Dwelling Units (ADUs):** Permitting for ADUs has slightly increased since 2023 but at a slower rate compared to the significant yearly increases seen since 2020. Further growth is expected due to legislative changes, including [Chapter 334, Laws of 2023 \(HB 1337\)](#), which encourages ADU development by prohibiting restrictive development regulations, such as minimum lot size requirements, and requires cities and counties to allow at least two ADUs per residential lot in all urban growth areas.

2. Improve housing affordability:

- **Homeownership:** Affordability for median-income households has declined sharply since 2020 due to rising home prices and interest rates. However, the rate of affordability decline slowed in 2023 and 2024.
- **Rental market:** Median-income renters maintain stable affordability, but households earning 70% or less of the area median income still face significant challenges in affording average rental costs.
- **Low-cost housing affordability for low-income renters:** The affordability gap for the lowest-income renters has widened significantly, as rents for the lowest-cost units have risen far faster than incomes.

3. Increase the supply of affordable housing:

- **Subsidized Housing:** Washington faces a gap of more than 230,000 affordable units for renter households earning less than 50% of the area median income. The state needs 21,805 new units annually through 2044 but averaged only 7,000 from 2016 to 2023—far below the goal. **Please note: The**

data to measure progress toward this goal in 2024 is unavailable for this year's report. We anticipate this data will be available for annual measurement beginning in the 2026 report.

- **Middle Housing:** Production of moderate-density housing (e.g., duplexes, triplexes) meets less than one-third of the annual need for households earning 80-120% of the area median income, highlighting the need for greater support for "missing middle" housing.

4. Reduce rates of housing insecurity:

- **Housing insecurity and homelessness:** Rates of people experiencing homelessness and housing instability remain at high levels, with trends of unstably housed persons increasing slightly.
- **Cost-burdened households:** Rates of households experiencing cost burden remained relatively stable from 2022 to 2023, the most recent data available.

5. Reduce racial disparities in housing affordability:

- **Racial disparities:** Racial and ethnic disparities in homeownership rates have shown little change, with an 18-point gap in ownership between white and non-Hispanic households and households of color. While the gap between white and non-Hispanic households and Black households remains larger at 35 percentage points, this disparity was slightly narrowed between 2022 and 2023.

2024 Legislative session housing highlights

The 2024 legislative session introduced state initiatives to address Washington's housing crisis through increased funding, regulatory updates and equity-focused reforms.

Policy

Legislative changes in 2024 focused on reducing barriers to affordable housing and improving equity. These included streamlining land-use regulations to promote co-living and middle housing, introducing tax exemptions and incentives to encourage affordable housing development, and requiring the inclusion of individuals with housing insecurity and homelessness experience in housing-related advisory groups.

Funding

The 2024 supplemental budget provided additional investments in housing:

- **Capital budget:** \$183.6 million in additional funding, bringing the total for the 2023-2025 biennium to \$651.5 million in new funding for affordable housing.
- **Operating budget:** \$70.7 million in additional funding, bringing the 2023-2025 biennium total to \$1.37 billion.

Affordable Housing Advisory Board legislative agenda

AHAB's 2025 legislative agenda focuses on stabilizing rental markets, sustaining funding for homeless services, increasing affordable housing investments, and addressing systemic barriers to housing development. The board is committed to leading initiatives that ensure housing stability and opportunity for all Washington residents. The full legislative agenda for the board is included in this report.

Introduction

About this report

Housing affordability is an urgent challenge in Washington. The governor and Legislature have taken significant actions in recent years to address the state's housing shortage and support the production of affordable housing units. However, housing development is complex, and it will take time to see the full impact of these actions.

This annual report is organized into three sections:

- 1. Housing affordability progress indicators:** This section expands upon the work completed in the [2023-2028 Housing Advisory Plan](#), which outlined four key goals for improving housing affordability in Washington. To improve clarity, this report refines the previous goal of "supporting housing affordability" by dividing it into two distinct objectives: one focused on market-rate housing and the other on increasing the supply of affordable housing. As a result, this report measures progress toward five goals:
 - **Goal 1:** Increase housing production and housing diversity
 - **Goal 2:** Support market-rate housing affordability
 - **Goal 3:** Increase the supply of affordable housing
 - **Goal 4:** Reduce housing insecurity
 - **Goal 5:** Reduce housing disparities
- 2. 2024 Legislative session housing highlights:** This section summarizes legislative actions from the 2024 supplemental session that affect housing supply and affordability.
- 3. 2025 AHAB legislative agenda:** This section outlines the Affordable Housing Advisory Board's 2025 Legislative Agenda, developed in compliance with RCW 43.185B.030(4). It includes the board's legislative recommendations.

This report aims to provide a comprehensive review of the latest data on housing affordability in Washington and serve as a resource for stakeholders working to improve housing stability for all Washingtonians.

Housing affordability progress indicators

AHAB's [2023-2028 Housing Advisory Plan](#) defined housing goals and a series of indicators for measuring progress toward achieving those goals. This report measures progress statewide based on a similar set of indicators. This section includes a discussion of each progress indicator related to the goal and a presentation of annual data.

Overview dashboard

Exhibit 1 presents a dashboard summarizing the direction of change for each of the indicators. It shows whether conditions are improving (upward arrow) or worsening (downward arrow) compared to previous years. Most of these indicators represent short-term trends, comparing progress in the latest year for which data is available (typically 2024 or 2023) to the previous year. Two of the indicators represent longer-term trends. A discussion of each progress indicator, including background information and findings, follows.

Exhibit 1. Washington housing progress indicator dashboard

Goal	Indicator	Trend	Latest Year for Data
Increase Housing Production & Housing Diversity	Total housing units permitted	↓	2024
	Multifamily housing units permitted	↓	2024
	Annual middle housing units permitted	↓	2024
	Annual ADUs permitted	↑	2024
Support Market Housing Affordability	Housing Affordability Index	↘	2024
	Renter Affordability Index	→	2024
	Affordability of the lowest-cost rentals for the bottom 20% of income earners	↘	2023
Increase Supply of Affordable Housing	Annual subsidized affordable housing production	☒	2023
	Affordable and available units per renter household with income 50% of MFI or below	↓	2021
Reduce Housing Insecurity	People experiencing homelessness per capita	→	2024
	Unstably housed persons per capita	↘	2024
	Percentage of households experiencing housing cost-burden	→	2023
Reduce Housing Disparities	Racial and ethnic disparities in housing cost burden	↗	2021
	Racial and ethnic disparities in homeownership rate	→	2022

Short-term trend

Long-term trend

☒ Insufficient data to measure trend

Note: Insufficient data is available for this report to measure "Annual subsidized affordable housing production." Commerce anticipates the ability to measure this starting in calendar year 2025.

Source: BERK, 2024. See the discussion of individual indicators below for data sources.

Goal 1: Increase market housing production and housing diversity

As described in the [2023-2028 Housing Advisory Plan](#), a primary driver of Washington's housing affordability crisis is a housing shortage. When demand exceeds supply, competition for available units pushes up rents and market-rate housing prices. We use four indicators to measure how well new housing production in Washington is keeping pace with projected housing needs. Details about each indicator follow.

Progress indicators

Total housing units permitted: In 2024, the number of permitted units decreased from the 8-year average and below the projected housing needs.

Background

Before a new home is built, it must be permitted by the local jurisdiction. As such, housing permits are a leading indicator of housing production. If there is a downturn in permit activity, that typically means there will be a downturn in production in the following years. The time between permitting and completion varies by housing type. Single-family homes can often be built in less than a year, while large apartment buildings can take multiple years to build. Note that not every permitted unit eventually gets built, and Washington loses many older homes to demolition each year. Because of this, annual housing permits need to exceed the average annual units needed to keep pace with demand.

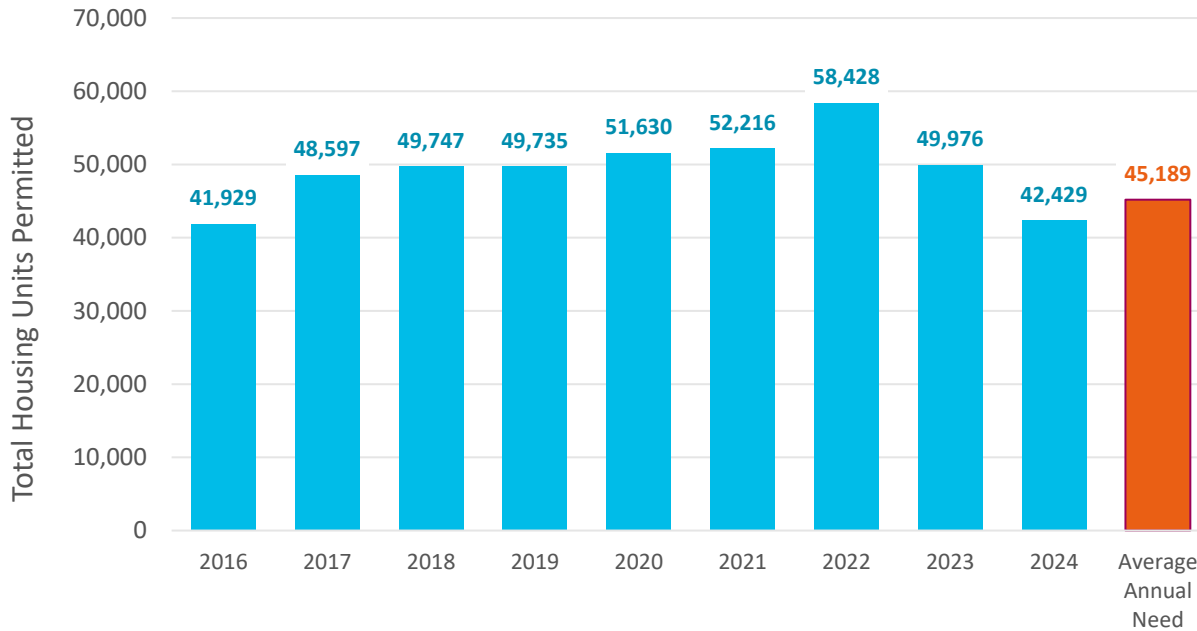
This indicator is based on data from the Washington State Office of Financial Management (OFM), which tracks the total number of new units permitted each year in all jurisdictions statewide.

Findings

Exhibit 2 shows the level of permitting over the past eight years and compares it to the average annual number of units needed to keep pace with Washington's projected statewide housing needs (the last bar, shown in orange). Permitting has been trending downward in 2023 and 2024. This is likely related to the sharp increase in interest rates that occurred in mid-2022.¹ Higher interest rates increase home mortgage costs and, therefore, can reduce demand for new home purchases. These rates also impact developer borrowing costs. Additionally, construction costs have increased significantly since 2020. The combined impacts of increased borrowing and construction costs have made it more difficult for developers to move forward with housing projects.

¹ OFM annual data on housing units permitted do not conform to calendar years. Rather they reflect permits issued from April 2 of the previous year up to April 1 of the current year. So, the 2023 column represents permits issued between April 2, 2022, and April 1, 2023. And the spike in 2022 represents a period that preceded the interest rate hikes in mid-2022.

Exhibit 2. Annual housing units permitted compared to average annual net new housing needed



Source: OFM, 2024; BERK, 2024.

Multifamily housing units permitted: The number of multifamily housing units permitted in 2024 was 14% lower than in 2023 and below the projected annual need.

Background

The most cost-efficient way to provide new permanent housing is typically in multifamily buildings. Affordable housing developers generally build low-rise or mid-rise apartment buildings. Increasing the supply of market-rate multifamily housing also helps to reduce competition for rental housing and meet the needs of many low- and moderate-income households.

This indicator is based on data from OFM that includes all housing units permitted in buildings with five or more units. These would typically include both large and small apartment or condominium buildings. In some cases, townhomes can be in structures with five to eight or more units. These permits include both market-rate and new affordable housing.

Given that a significant share of new market-rate multifamily housing will be affordable only to moderate-income or above households, Washington needs a rate of multifamily housing production that exceeds the 0-80% area median income need shown in the last orange column in the chart above and needs to support more subsidized affordable housing development to meet these low-income housing needs.

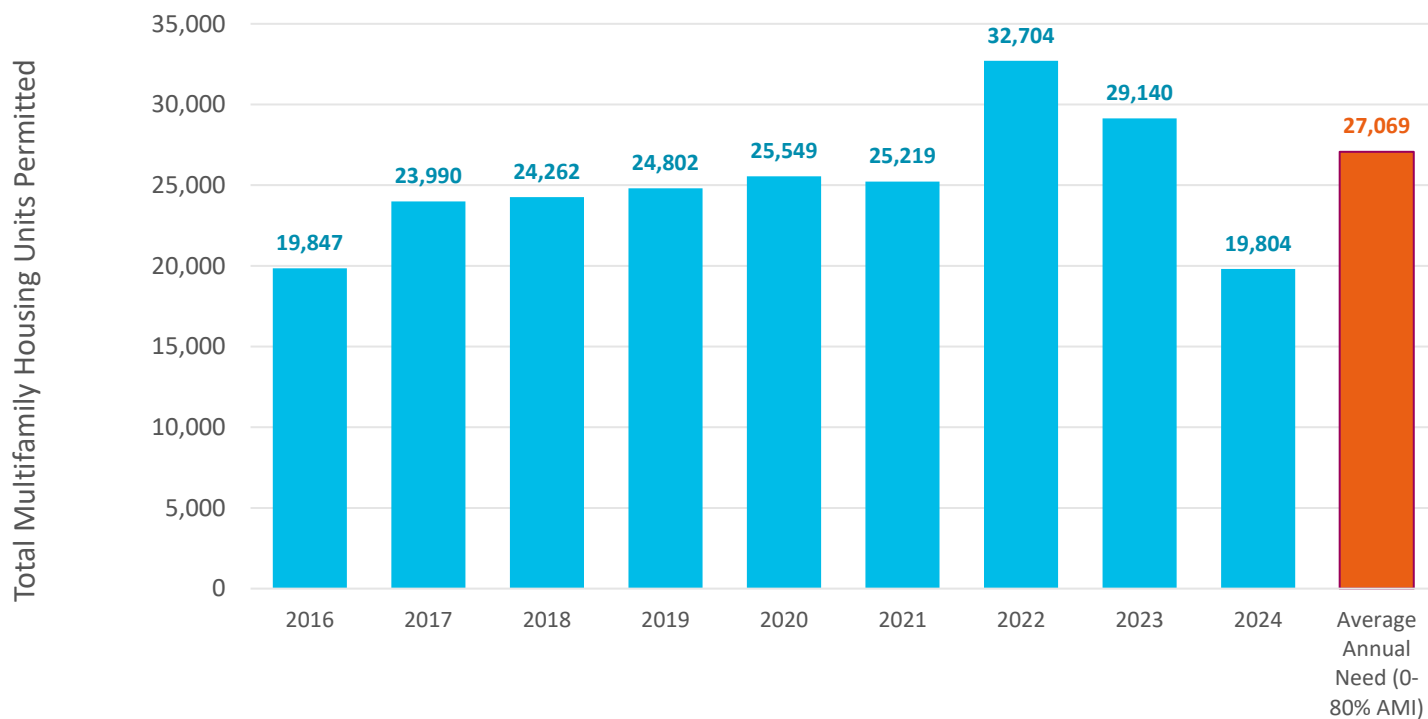
In many areas of the state, the units in new market-rate apartment and condominium buildings are not typically affordable below 80% of the area median income, and none of them are likely affordable below 50% area median income. Townhomes are typically affordable to households with moderate incomes (80-120% area median income) or higher.

Findings

Exhibit 3 shows that the rate of multifamily housing permitting has declined significantly since its peak in 2022. In addition, the data shows that the rate of permitting has dipped well below the average annual need for new units affordable to households with incomes 0-80% of the area median income, which is shown in the last column, in orange, for comparison.

The downward trend in 2023 and 2024 is likely related to the sharp increase in interest rates that occurred in mid-2022. As discussed above, these rates impact developers' borrowing costs, and the combined impacts of increased borrowing and construction costs have made it much more difficult for developers to move forward with housing projects than a few years ago.

Exhibit 3. Annual multifamily housing units permitted compared to the average annual need for 0-80% area median income housing



Source: OFM, 2024; BERK, 2024.

Annual middle housing units permitted: The middle housing units permitted in 2024 were less than one-third of the projected need for moderate-income housing units.

Background

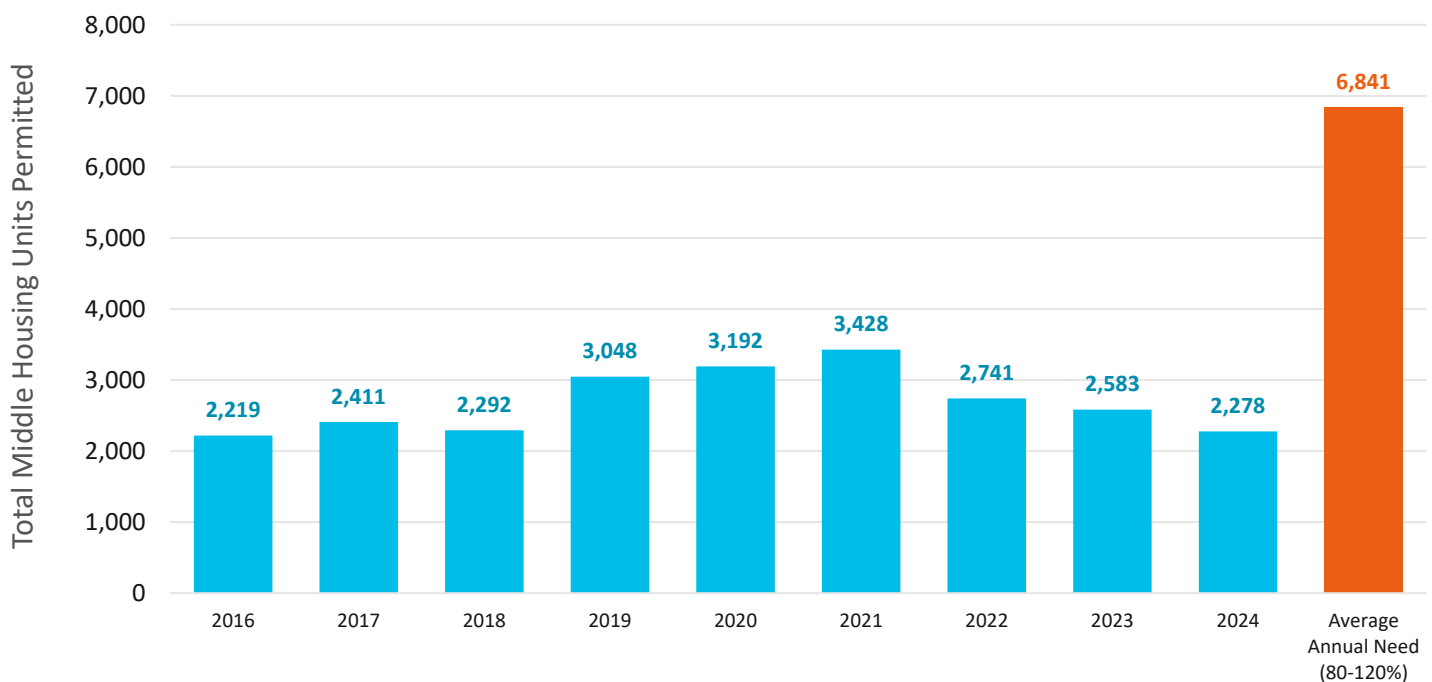
"Middle housing" encompasses a variety of moderate-density housing types, such as townhomes, duplexes, triplexes, or fourplexes. These housing types are also known as "the missing middle" because they fall somewhere between low-density detached single-family homes and higher-density multifamily buildings with apartments or condominiums. These housing types have the potential to provide housing that meets the needs of moderate-income households (80-120% area median income).

This indicator is calculated using OFM data, which provides an annual estimate of permitted housing in two-to-four-unit structures, such as duplexes, triplexes, fourplexes, and many townhomes. This data is not a perfect proxy for all middle housing production, as it leaves out some small townhomes and low-rise buildings with five to eight units. However, it is the best proxy available with current data.

Findings

Exhibit 4 presents annual middle housing units permitted compared to the average annual net new housing needed for moderate-income households. It shows a slow and steady decline in units permitted since a peak in 2021. The current production rate is less than a third of the average annual statewide need for moderate-income housing (80-120% area median income). However, new accessory dwelling units (ADU), apartments, or condominiums could meet some of these needs, which are not counted as part of this middle housing summary.

Exhibit 4. Annual middle housing units permitted compared to the average annual need for 80-120% area median income (AMI) housing



Source: OFM, 2024; BERK, 2024.

Annual ADUs permitted: The rate of growth in ADU permitting has slowed since its significant surge beginning in 2020.

Background

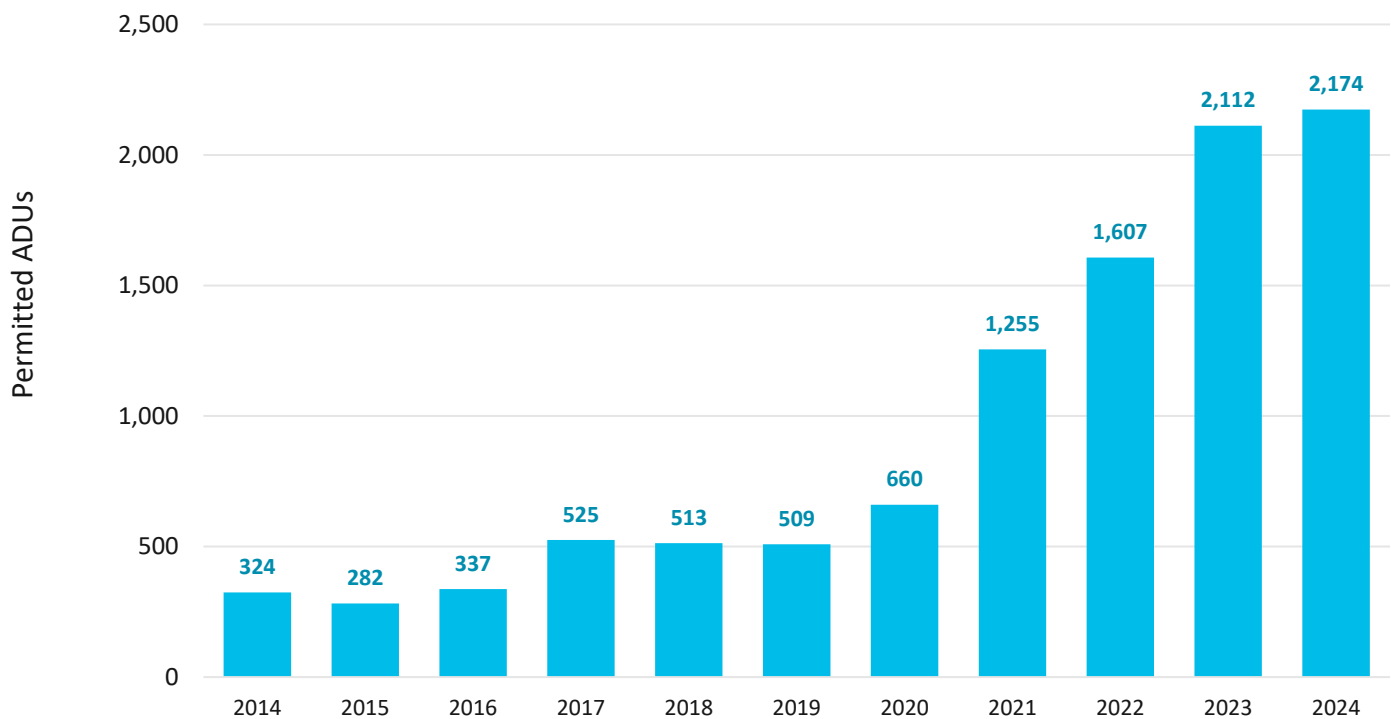
Exhibit 4 An ADU is a separate self-contained housing unit on the same lot as a primary residence. ADUs can be attached to the main structure or detached. This type of housing has the potential to provide additional lower-cost housing options within established residential neighborhoods while minimally impacting the neighborhood's character. In 2023, [Chapter 334, Laws of 2023 \(HB 1337\)](#) made changes to the Growth Management Act that require jurisdictions to allow two ADUs per lot within urban growth areas (UGA) by six

months after the next periodic comprehensive plan update due date. The bill also streamlines the permitting process and prohibits restrictive development regulations, such as minimum lot size requirements, excessive setbacks, and unnecessary barriers to ADU construction. This indicator is based on data from the Washington State Office of Financial Management.

Findings

Exhibit 5 presents annual ADUs permitted across all jurisdictions in Washington. It shows a sharp increase starting in 2021, which is now slowing. A significant share of this increased permitting occurred in Seattle, which changed its ADU regulations in 2019 to allow for up to three units per lot (a primary home plus two ADUs) and reduced other barriers to development. However, many other jurisdictions have also made changes to encourage ADUs and have seen an uptick in permitting. The changes in Seattle are largely consistent with what will soon be required in all cities and UGAs due to Chapter 334, Laws of 2023 (HB 1337), which is expected to spur new ADU growth.

Exhibit 5. Annual accessory dwelling units permitted



Source: OFM, 2024; BERK, 2024.

Goal 2: Support market housing affordability

These progress indicators track the affordability of homes over time. For these indicators, a home is considered affordable if the household is paying less than 30% of its income in housing costs. Housing costs include rent and utilities for renters, monthly mortgage payments, property taxes, homeowner's insurance, and utilities for homeowners. Both incomes and housing costs can vary significantly across different areas of the state. While statewide indicators help track broad trends, they do not reflect local conditions and challenges.

Progress indicators

Housing Affordability Index: There has been a decline in homeownership affordability since 2018.

Background

About two-thirds of all households in Washington own their homes, and this rate has increased slightly since 2016.² However, in many areas of Washington, home prices have increased faster than incomes. When this occurs, homeownership becomes further out of reach for many households. Washington Center for Real Estate Research (WCRER) created a Housing Affordability Index (HAI) that measures the affordability of a median-value home to the median-income household with enough assets to afford a typical down payment and 30-year mortgage. This data makes it possible to track progress toward (or away from) greater homeownership affordability statewide.

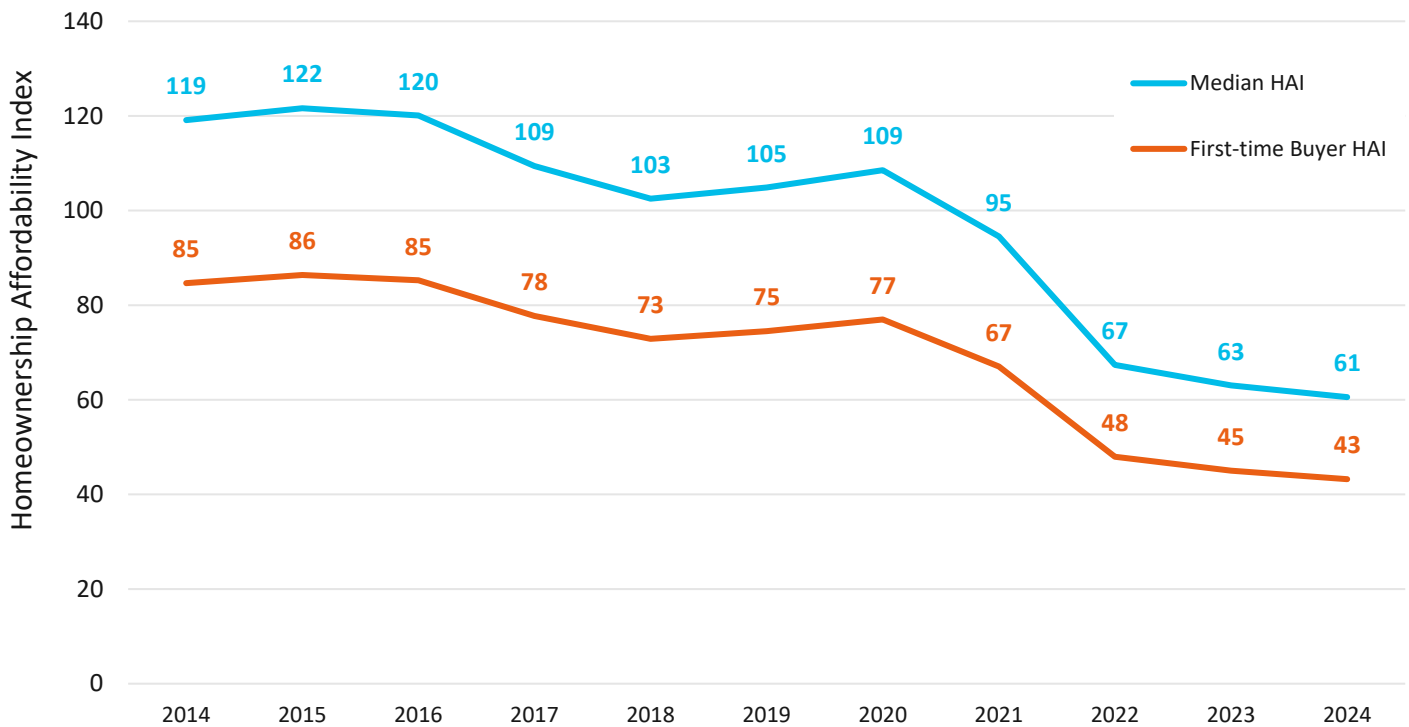
An HAI value of 100 indicates that a median-income homebuyer has just enough income to afford a median-priced home. A value of higher than 100 indicates the homebuyer has more than enough income to afford the home. A value of less than 100 indicates that the homebuyer has less than the income needed. For example, an HAI value of 70 indicates that a median-income household has only 70% of the income necessary to afford a median-priced house. The "first-time buyer HAI" is similar, but it measures the affordability of a home that costs 85% of the median price to a household with 70% of the median income and a reduced down payment.

Findings

shows a continued decline in the HAI for median-value homes in recent years. The current HAI stands at 61, indicating that a median-income household has only 61% of the income needed to afford a median-priced home. The situation is even more challenging for renters, with an HAI of 43, meaning they have just 43% of the required income to transition to homeownership. The median HAI and the first-time buyer HAI experienced a 4% decline from 2023 to 2024. shows a continued decline in the HAI for median-value homes in recent years. The current HAI stands at 61, indicating that a median-income household has only 61% of the income needed to afford a median-priced home. The situation is even more challenging for renters, with an HAI of 43, meaning they have just 43% of the required income to transition to homeownership. The median HAI and the first-time buyer HAI experienced a 4% decline from 2023 to 2024.

² Source: Census American Community Survey 1-year estimates, 2016 & 2022.

Exhibit 6: Housing Affordability Index



Source: UW Center for Real Estate Research, 2024; BERK, 2024.

Renter Affordability Index: Renter affordability has remained relatively stable since 2014 for moderate-income households.

Background

A healthy housing market provides a mix of both ownership and rental housing opportunities. Rental housing can provide an entry point to the housing market for households that cannot afford homeownership or are not ready or interested in taking on the responsibilities and risks of homeownership. However, when rents increase, lower-income households can be locked out of the housing market or forced to move further away from jobs and opportunities. Renter households have little control over rent increases after moving in, making them vulnerable to economic displacement and housing insecurity.

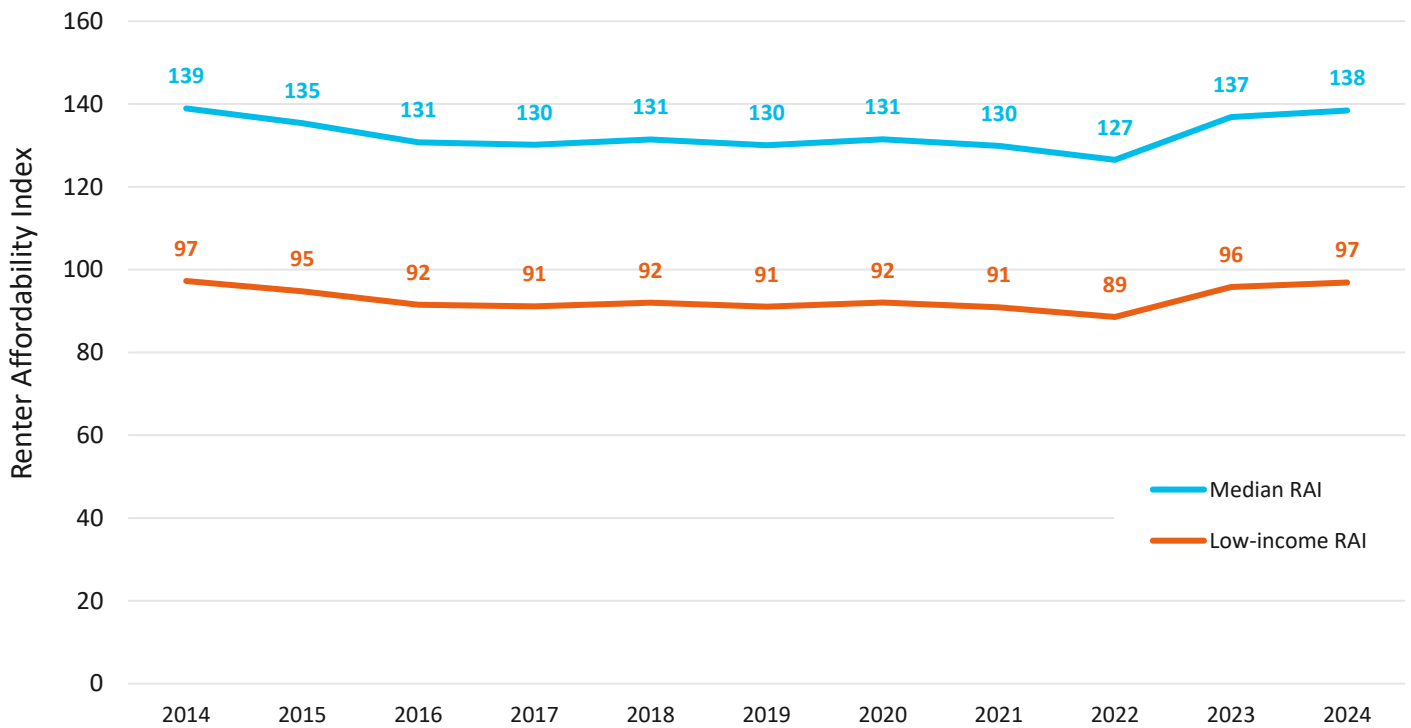
This indicator evaluates the affordability of rents and how they are changing over time. It is based on WCRER's Renter Affordability Index (RAI), which measures the affordability of the average rent to a median-income household, as shown in Exhibit 6. Similar to the HAI described above, a Median RAI value of 100 indicates that the household has just enough income to afford an average-cost rental. A value of higher than 100 indicates the household has more than enough income to afford the home. A value of less than 100 indicates that the household has less than the amount of income needed. The Low-Income RAI line shows the same analysis based on a 70% area median income household.

Findings

This data shows that rental affordability has remained relatively stable over the past decade. While rents have increased, they haven't increased compared to median incomes. In 2024, a median income household has nearly 1.4 times the income needed to afford an average rental, while a 70% area median income household has just shy of the income needed to afford an average rental.

This data shows that rental affordability has remained fairly stable over the past decade. While rents have increased, they haven't increased compared to median incomes. In 2024, a median income household has nearly 1.4 times the income needed to afford an average rental, while a 70% area median income household has just shy of the income needed to afford an average rental.

Exhibit 6. Renter Affordability Index



Source: UW Center for Real Estate Research, 2024; BERK, 2024.

Affordability of the lowest-cost rentals for the bottom 20% of income earners: Rents for the lowest-cost units have risen significantly faster than incomes for Washington’s lowest-income households

Background

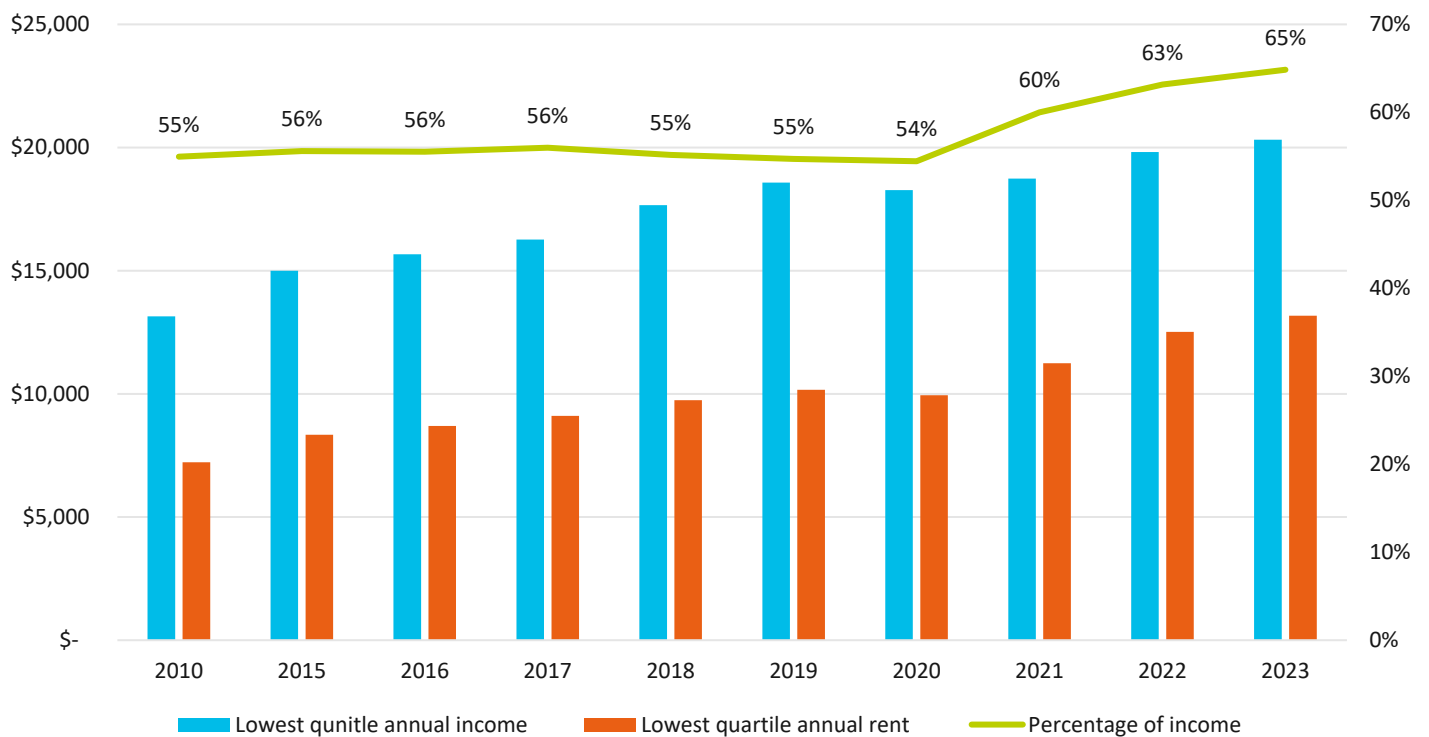
While the Renter Affordability Index tracks the affordability of median-priced rentals for households earning 70% or 100% of Area Median Income (AMI), it does not reflect affordability trends for the lowest-income renters. To better understand housing affordability for low-income households, the Affordability of the Lowest-Cost Rentals for the Bottom 20% of Income Earners indicator compares the incomes of the lowest-earning 20% of households to the cost of renting the cheapest 25% of available units. This analysis provides insight into whether the most affordable rental options remain accessible to the state’s lowest-income residents.

The American Community Survey (ACS) data tracks income and housing costs over time. For these households, even the lowest-cost rental units often require a disproportionate share of their income, leading to higher housing instability and an increased risk of homelessness.

Findings

Exhibit 8 shows that from 2010 to 2019, the percentage of income spent on rent by the lowest-income renters remained high but stable as rent and income grew at similar rates. However, beginning in 2020, cost burdens began increasing sharply, as rents for the lowest-cost units rose significantly faster than incomes, creating a widening affordability gap. By 2023, the share of income spent on rent had climbed from 54% to 64%, marking a 10-percentage-point increase in just four years. This trend has left low-income renters increasingly burdened, with fewer affordable options and greater financial strain.

Exhibit 8. Affordability of the lowest-cost rentals for the bottom 20% of income earners



Source: Census American Community Survey, 1-Year Estimates (2010 - 2023)

Goal 3: Increase the supply of affordable housing

To meet statewide needs for housing affordable at 50% of area median income or below, Washington will need to annually produce an average of 21,805 units that are affordable to those earning less than 50% of area median income or below through the year 2044. The following indicators track the number of units produced with public subsidies and the current supply of units available to those with 50% area median income or below.

Progress indicators

Annual subsidized affordable housing production: Washington needs an additional 230,000 available subsidized housing unit gap to meet the 2023 need.

Please note: As of late 2024, annual subsidized affordable housing production data is unavailable. However, the Washington Center for Real Estate Research (WCRER) anticipates being able to provide annual estimates of net new affordable housing supply starting in 2025. This data was compiled in the summer of 2023 and is the most

recent data available. Future AHAB annual reports will include these estimates as a proxy for affordable housing production to measure progress in meeting affordable housing needs statewide over time.

Background

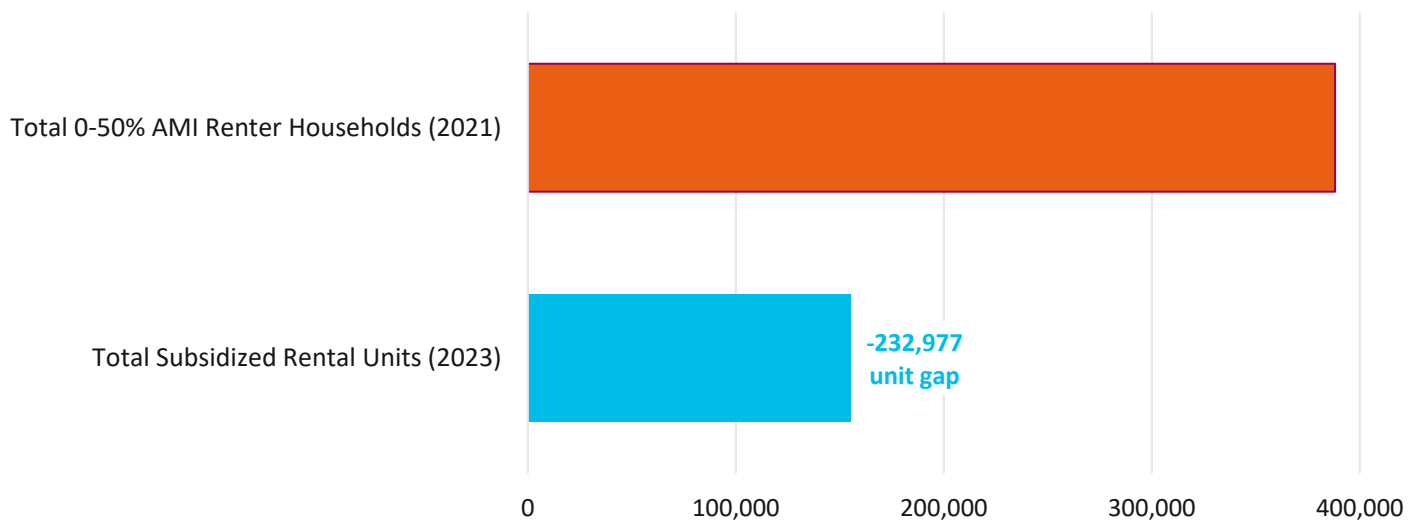
While market-based housing development is an important part of Washington's housing system, the economics of housing construction make it impossible to build new housing that is affordable to most low-income households without significant subsidies. Therefore, the state needs to take action to support the production of income-restricted affordable housing production through public subsidies.

The Washington Center for Real Estate Research (WCRER) prepared an inventory of subsidized affordable housing in each county across Washington. These are income-qualified units produced with the support of public or private subsidies. This inventory includes housing funded through federal, state, and local housing programs and affordable housing produced through local multifamily tax exemption (MFTE) programs. This inventory spans from permanent affordable housing for households with incomes less than 30% of the area median income up to subsidized ownership units for households with incomes at 100% AMI. Complete data about the specific income levels these units serve is not available.

Findings

WCRER estimates that there were 155,158 units statewide with some kind of affordability requirement. Exhibit 9 presents the total subsidized affordable housing inventory in Washington compared to the number of renter households with incomes 0-50% AMI. Due to the limitations of this inventory, this gap is actually much larger, as not all of those units are affordable at 50% of AMI.

Exhibit 9. Subsidized affordable housing inventory compared to need



Source: UW Center for Real Estate Research, 2023; HUD CHAS (based on Census ACS 2017-2021 5-year est.), 2021; BERK, 2024.

Affordable and available units per renter household with income 50% of area median income or below: There is a significant gap in the number of available, affordable housing units compared to the number of low-income households.

Background

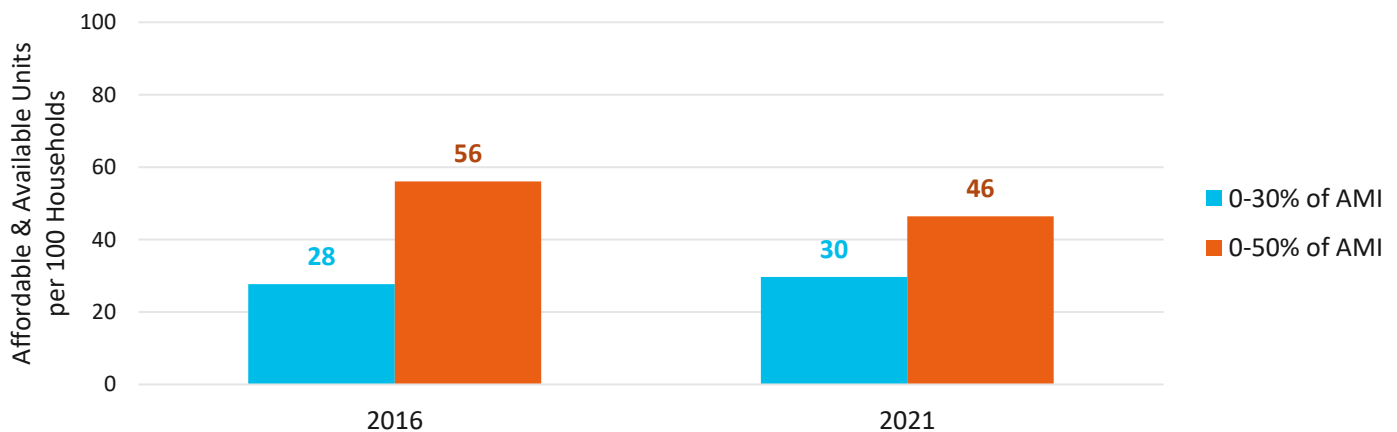
The affordable housing supply in most communities is a combination of subsidized housing provided to income-qualified households and naturally occurring affordable housing (NOAH). NOAH units are currently rented at a rate lower than typical in the local market. These NOAH units may be in older buildings or less desirable neighborhoods and can be rented to households at any lower income level. The term down-renting refers to moderate- or higher-income households that rent NOAH units that would otherwise be affordable to lower-income households. When this occurs, it effectively removes the unit from the housing supply potentially affordable to a lower-income household.

Findings

This indicator, shown in Exhibit 10, evaluates whether the effective supply of affordable rental housing (subsidized and NOAH combined) is keeping pace with demand. More specifically, it estimates the number of rental units that are affordable to and occupied by a household with an income of 0-50% of the area median income per 100 renter households at this same income level. This value is calculated for 2016 and 2021, the latest year for which data is available.³ The same comparison is also presented for households with incomes in the 0-30% area median income range.

The results show that the supply of affordable and available units for 0-50% area median income households has declined significantly compared to demand. This could be due to an increase in households at this income level, a decrease in affordable and available housing units, or a combination of the two. Conversely, the supply of 0-30% area median income households increased slightly compared to demand during the same period. This may indicate that the production of new income-restricted affordable housing during this period was just slightly faster than the increase in the number of households at this income level.

Exhibit 10. Affordable and available rental units per 100 renter households



Source: HUD CHAS (based on Census ACS 2012-2016 & 2017-2021 5-year est.); BERK, 2024.

³ When interpreting this indicator, keep in mind it is based on ACS 5-year estimates. Data for 2021 reflects surveys collected between 2017 and 2021. Likewise, data for 2016 reflects surveys collected between 2012 and 2016.

Goal 4: Reduce housing insecurity

This section focuses on efforts to prevent housing instability and homelessness in Washington. The indicators provide insights into how economic conditions and policy interventions impact housing stability for vulnerable populations.

Progress indicators

Cost-burdened households: Between 2021 and 2023, the percentage of households experiencing cost burden increased from 34% to 36% statewide.

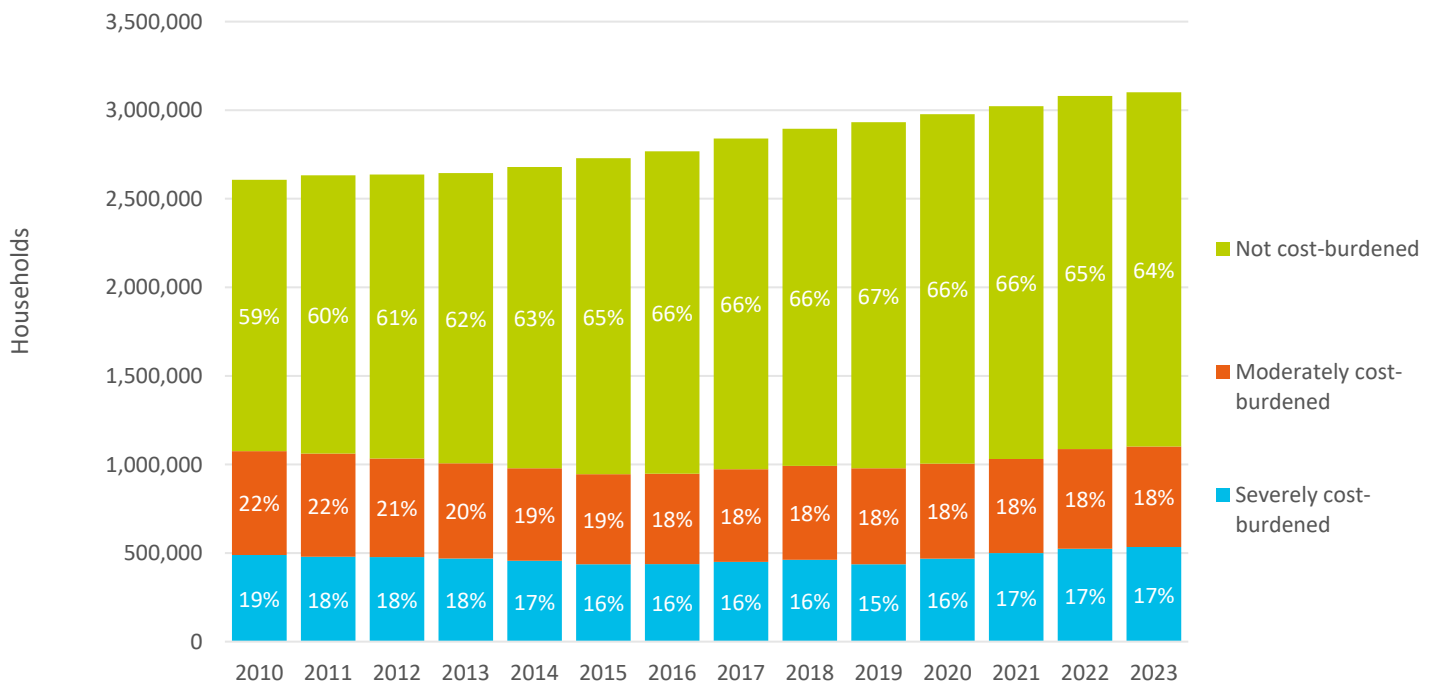
Background

The affordability of housing depends on two factors: 1) The cost of the housing and 2) the income of the household. The U.S. Department of Housing and Urban Development (HUD) considers a household cost-burdened if it spends more than 30% of its income on housing costs, including utilities. Cost-burdened households have less income remaining for other necessities like food, transportation, education, and health care. Cost burden is used as an indicator of potential housing insecurity.

Findings

Starting in 2020, the cost burden rates have increased slightly each year. This may be partly due to the sharp decline in affordability for homeownership during this period. Exhibit 1 presents data on housing cost burden from 2010 to 2023. Households are broken down into three groups. Not cost-burdened households spend less than 30% of their income on housing. Moderately cost-burdened households spend between 30% and 50% of their income on housing. Severely cost-burdened households spend over 50% of their income on housing.

Exhibit 11. Percentage of households experiencing housing cost burden*



Source: Census American Community Survey, 1-Year Estimates (2010 - 2023); BERK, 2024.

* May not equal 100 due to rounding.

Rates of homelessness: People experiencing homelessness and housing instability remain at high levels, showing little change.

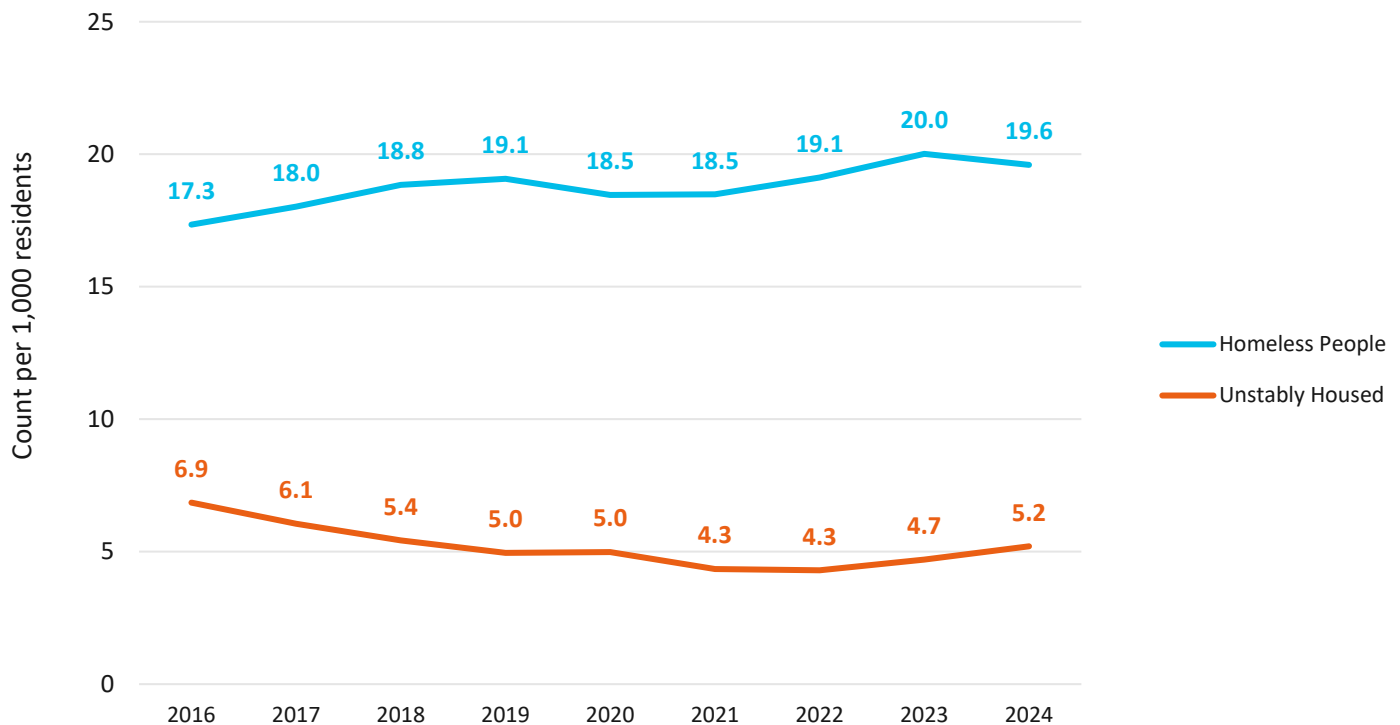
Background

The most direct measure of housing insecurity is the number of people who are homeless. Department of Social and Health Services (DSHS) Research and Data Analysis (RDA) unit publishes biannual Snapshot of Homelessness in Washington (Snapshot) data. The report presents estimates of the homeless and unstably housed population based on linked data from multiple databases used for administering public benefits and associated claims.⁴

Findings

Error! Reference source not found.2 presents Snapshot data as a per capita rate for 2016 through 2024. It shows a mixed picture of housing insecurity. Homelessness per 1,000 residents climbed from 17 in 2016 to 20 in 2023. The rate then dipped very slightly in 2024 to 19.6. Unstably housed people have increased for the past four years, with a high in 2024 of 5.2 people unstably housed per 1,000 residents.

Exhibit 72. Homeless and unstably housed people per 1,000 residents



Sources: WA Department of Social and Health Services, 2024; OFM, 2024; BERK, 2024.

⁴ Administrative data include applications for social services from people who were unsheltered or living in emergency shelter. A [more detailed description](#) of the Snapshot report is available on the Commerce [website](#).

Goal 5: Reduce housing disparities

This section examines racial and ethnic disparities in housing outcomes across Washington. It evaluates indicators such as cost burden and homeownership rates to understand inequities and progress toward equitable housing opportunities for all communities. The data underscores the importance of targeted interventions to address systemic barriers and close the housing gap for underserved populations.

Progress indicators

Racial and ethnic disparities in housing cost burden: The rate of cost burden decreased faster among households of color, resulting in a decrease in disparity between the two groups

Background

This indicator uses data about the cost burden of households by the race or ethnicity of the householder⁵ to measure whether there are racial and ethnic disparities in the percentage of households that experience cost burden. Disparities are measured as the gap between the percentage of white, non-Hispanic households that experience cost burden and the percentage of all households of color⁶ that experience cost burden. To measure progress over time, we compare conditions in 2016 to conditions in 2021⁷ to see if disparities are growing or shrinking. This is a long-term trend and is the most recent data available.

Findings

The results are shown in Exhibit 3. During this period, the percentage of households experiencing cost burden decreased for both white households and households of color. However, the cost burden rate decreased faster among households of color, resulting in a decrease in disparity between the two groups: from 8.3 percentage points down to 7.0.

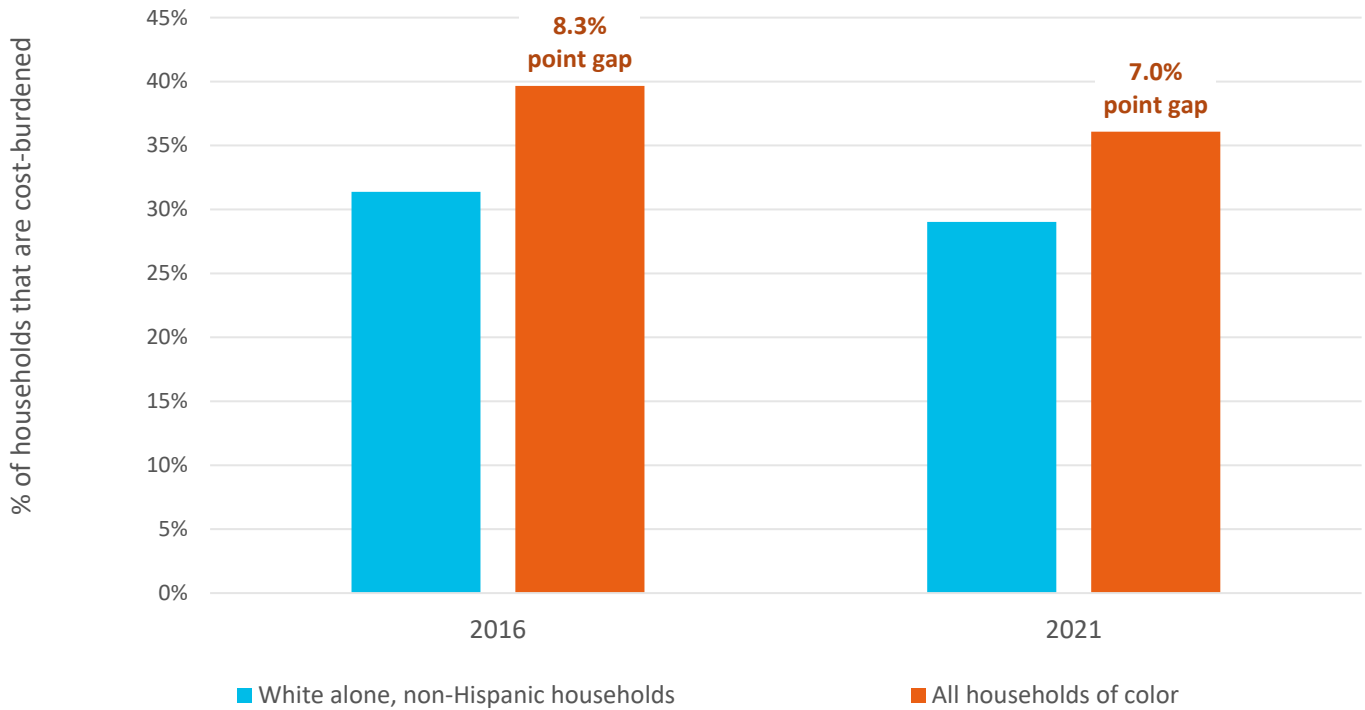
There is significant variation in cost burden among different racial and ethnic groups. Exhibit 4 presents cost burden by race and ethnicity for the year 2021. Black households had the highest rate of cost burden at 48%, compared to only 30% of Asian households and 29% of white, non-Hispanic households.

⁵ The Census designates the race or ethnicity of a household is based on the race or ethnicity of the householder, which is typically the person in whose name the housing unit is owned or rented.

⁶ In this report, households of color are defined as households with householders that do not identify as white, non-Hispanic.

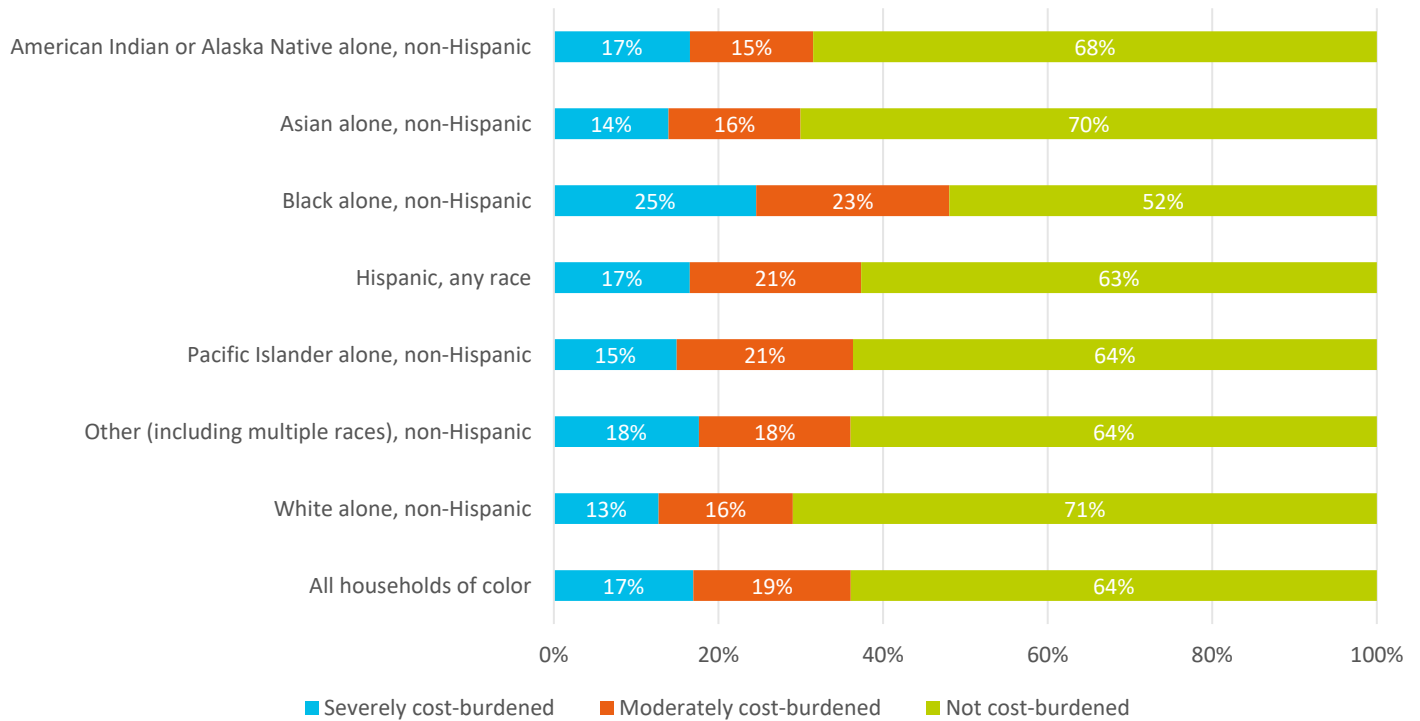
⁷ When interpreting this indicator, keep in mind it is based on ACS 5-year estimates. In other words, data for 2021 reflects surveys collected between 2017 and 2021. Likewise, data for 2016 reflects surveys collected between 2012 and 2016.

Exhibit 13. Racial and ethnic disparities in housing cost burden



Source: HUD CHAS (based on Census ACS 2012-2016 & 2017-2021 5-year est.); BERK, 2024.

Exhibit 14. Housing cost burden by race and ethnicity, 2021



Source: HUD CHAS (based on Census ACS 2012-2016 & 2017-2021 5-year est.); BERK, 2024.

Racial and ethnic disparities in homeownership rate: Homeownership has increased faster for householders of color, resulting in a shrinking disparity

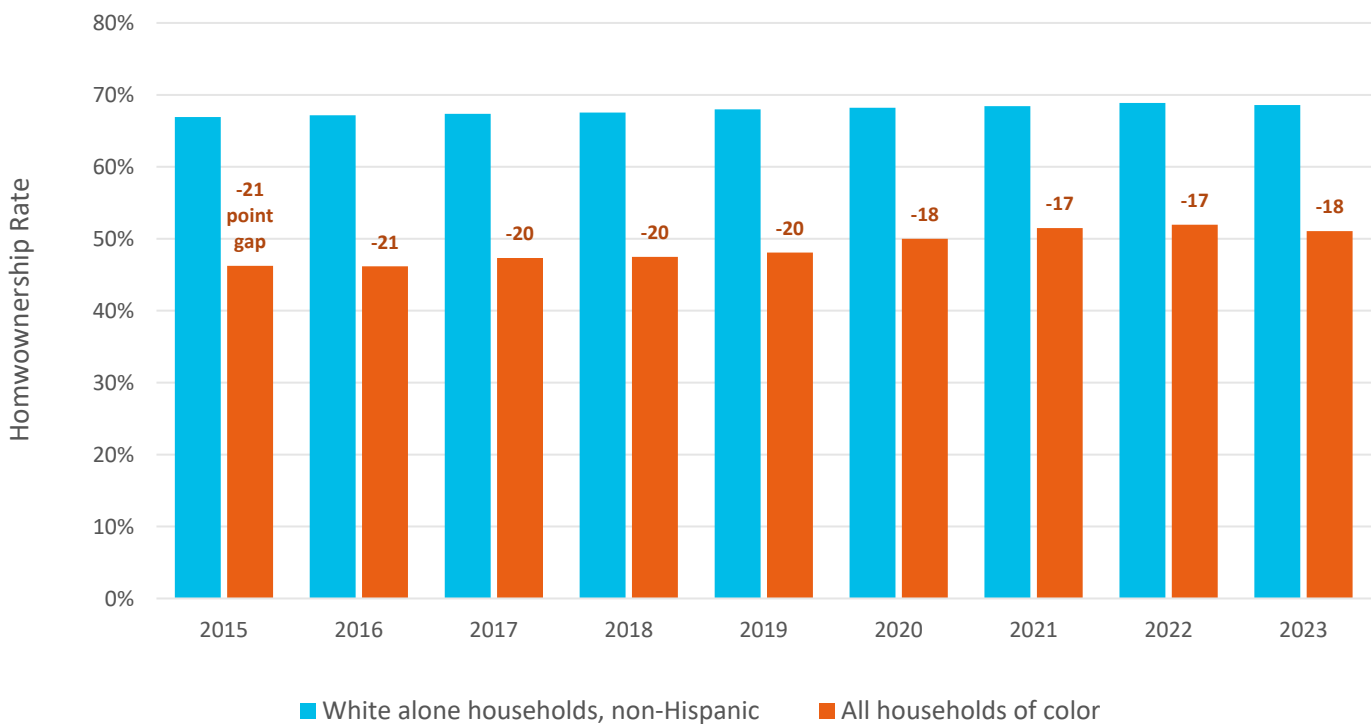
Background

Homeownership offers opportunities for more stable and predictable housing costs and wealth generation if the home appreciates in value. However, access to homeownership has historically been unevenly distributed, particularly due to racist government policies and real estate practices. As a result, many Black, American Indian/Alaska Native and People of Color households were denied opportunities for homeownership and the ability to generate wealth through home equity that can be passed on to future generations. Moreover, there continue to be significant barriers to increased homeownership for historically marginalized communities. Households of color tend to have disproportionately lower incomes, lower credit scores, and higher debt-to-income ratios, all of which are linked to systemic and structural racism. Furthermore, many historically marginalized communities experience discrimination and predatory practices through the mortgage lending, appraisal, and selling processes.

Findings

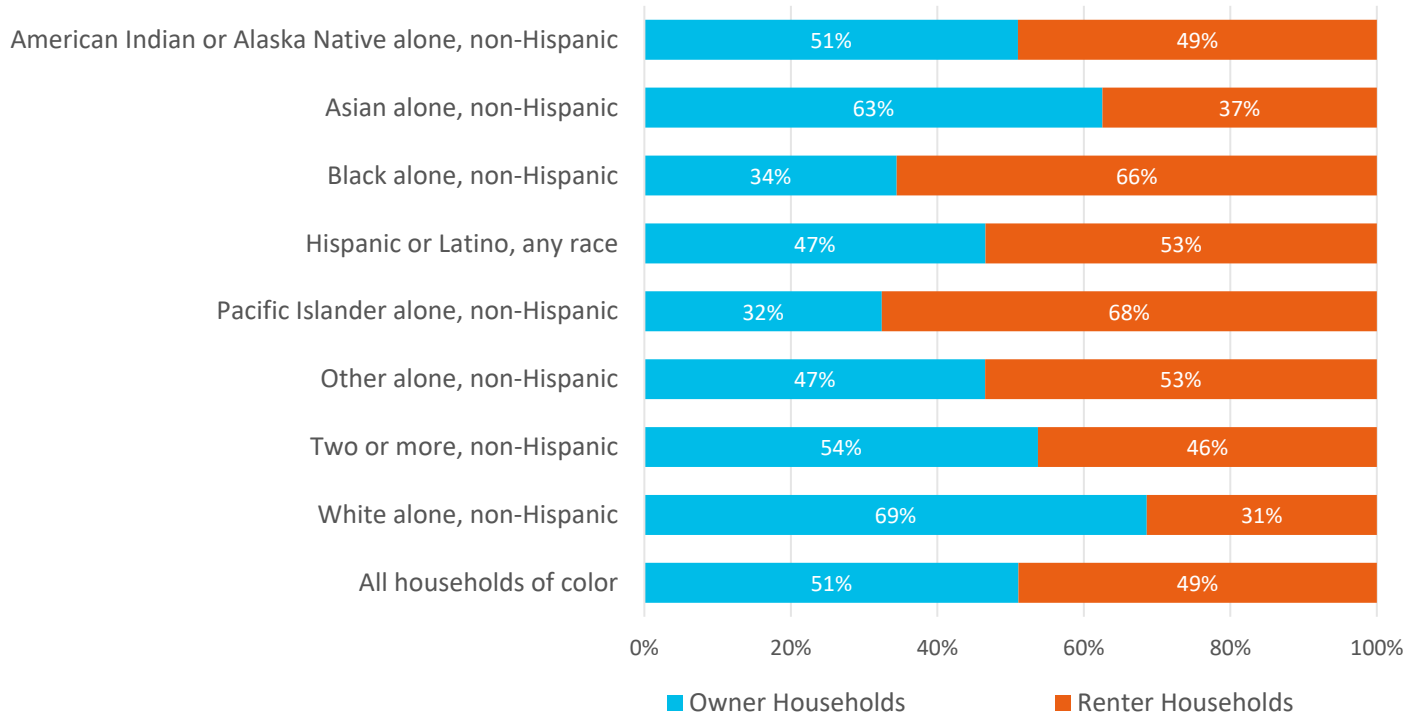
Exhibit 85 compares the homeownership rate among white householders to the rate among householders of color. It shows the rate increasing for both groups between 2015 and 2023. However, the homeownership rate has increased faster for householders of color, resulting in a shrinking disparity between the two groups. In 2015, the gap was 21 percentage points, compared to 18 in 2023. Homeownership for households of color now exceeds 50%. Exhibit 16 breaks down this data further, showing the distribution of renters and homeowners by race, highlighting persistent disparities in homeownership rates across different racial groups.

Exhibit 85. Homeownership rate for white households and households of color



Source: Census American Community Survey, 1-Year Estimates (2010 - 2023); BERK, 2024.

Exhibit 96. Homeownership rate by race and ethnicity



Source: Census American Community Survey, 1-Year Estimates 2023; BERK, 2024.

2024 legislative session housing highlights

Budgets

Capital budget \$183.6 million increase over the 2023 budget for a total budget of \$651.5 million (new funding) for the 23-25 biennium

- Additional \$127.5 million for the Housing Trust Fund, including:
 - \$31.5M for direct appropriation projects
 - \$20M for rapid capital housing (tiny homes an allowable use)
 - \$20M for homeownership
 - \$19M for housing for people with intellectual or developmental disabilities
 - \$17M for affordable housing (competitive)
 - \$10M for acquiring and preserving mobile and manufactured home communities
 - \$5M for capital improvements to mobile and manufactured home communities
 - \$5M for multifamily affordable housing trust fund portfolio projects' urgent repair grants
 - \$55M for Multifamily Building Energy Efficiency Grants
 - Additional \$1.1M for shelter and housing for homeless youth and young adults (biennium funding is now \$15.6M)

Operating budget: \$70.7 million increase over the 2023 budget for a total budget of \$1.37 billion for the 23-25 biennium

- \$59M increase for homeless programs, including \$25M to cover a portion of the local document recording fee shortfall jurisdictions are experiencing and \$34M for local homeless housing programs and services. These investments are critical to prevent cuts in these homeless programs across the state.
- \$3.75M increase for the Landlord Mitigation Program
- \$1.5M for Washington State Housing Finance Commission to implement the covenant homeownership program created in 43.181RCW, and \$500K for a strategic plan to identify ways to enable these first-time homebuyers to afford a home purchase
- \$3M increase to the Foreclosure Fairness Program
- \$1M for the Office of Homeless Youth to provide grants for place-based health zone models benefiting youth and their families
- \$550,000 for the Office of Homeless Youth to design a direct cash transfer pilot program for youth and young adults experiencing homelessness or housing instability
- \$300K for Black Homeownership Assistance programs
- \$250K to provide technical assistance and resident support in manufactured home communities following a notice of sale
- \$250K for a study to identify and analyze funding structures to preserve manufactured home communities as nonprofit or cooperative-run affordable housing projects
- \$250,000 for a study to evaluate alternative methods to calculate median household incomes
- \$250,000 for OFM to develop recommendations for a study to create a new Department of Housing
- \$80K increase for the Community Behavioral Health Rent Assistance (CBRA) program

Key legislation

Affordable housing funding and incentives:

- [Chapter 59, Laws of 2024, Affordable Housing on Public Lands](#): Creates a leasehold excise tax exemption when public lands are used for affordable housing.
- [Chapter 332, Laws of 2024, Conversion of Commercial Buildings to Affordable Housing - Tax Incentives](#): Allows cities to establish retail sales and use tax deferral programs to convert underutilized commercial property to affordable housing.
- [Chapter 136, Laws of 2024, Affordable and Supportive Housing Sales and Use Taxes - Income Limit](#): Modifies locally imposed affordable and supportive housing sales and use tax to allow homeownership projects if they benefit households with incomes at or below 80% of the area median income.

Multifamily housing:

- [Chapter 142, Laws of 2024, Workforce Housing Accelerator Revolving Loan Fund Program](#): Creates the Workforce Housing Accelerator Revolving Loan Fund Program, which Commerce will pass through to the Washington State Housing Finance Commission. The program is currently unfunded.

Homeownership:

- [Chapter 325, Laws of 2024, Manufactured/Mobile Home Communities - Sale or Lease - Various Provisions](#): Updates notification requirements for notices of opportunity to compete to purchase. The legislation also removes restrictions for tenants who receive assistance from an outside source exceeding the maximum amount of assistance individuals can receive under the Relocation Coordination Program.

Youth homelessness:

- [Chapter 175, Laws of 2024, Behavioral Health Treat—Postinpatient Housing for Young Adults](#): Establishes the Post-Inpatient Housing Program for Young Adults to provide supportive transitional housing with behavioral health supports for persons ages 18 to 24 who are exiting inpatient behavioral health treatment.

Land use and building regulation:

- [Chapter 180, Laws of 2024, Co-living housing](#): Requires cities and counties planning under the Growth Management Act to allow co-living housing on any lot located within an urban growth area that allows at least six multifamily residential units. The legislation also prohibits a city or county from imposing certain regulations or restrictions on co-living housing.
- [Chapter 152, Laws of 2024, Minimum Residential Density - Middle Housing - Various Provisions](#): Makes several technical changes to middle housing requirements.

Equity:

- [Chapter 283, Laws of 2024, Membership of Statutory Entities - Direct Lived Experience](#): By Jan. 1, 2025, certain new multimember task forces, work groups, and advisory committees must include at least three individuals from underrepresented populations who have lived experience with the issue the statutory entity is tasked with examining.

Other:

- [Chapter 143, Laws of 2024, 2023 Wildfires - Disaster Relief Payment Program](#): Establishes a disaster relief payment program at Commerce to make disaster relief payments to property owners and local

governments that had certain buildings damaged or destroyed by wildfires between Aug. 1 and Oct. 1, 2023, in Spokane County.

- [Chapter 74, Laws of 2024, Housing Providers - Insurance Market Study](#): directs the Office of the Insurance Commissioner to study the property and liability coverages available to specified housing providers.

AHAB's 2025 legislative agenda

The AHAB Legislative Agenda includes eight policy and budget recommendations that AHAB urges the Legislature to pursue to achieve meaningful progress in affordable housing during the 2025 legislative session and beyond. These recommendations reflect AHAB's commitment to addressing Washington's critical affordable housing needs. These recommendations are not listed in order of priority.

Rental stabilization and regulatory consistency

The ability of tenants to access and retain safe, stable housing is foundational to thriving communities. This requires predictable and reasonable rental increases for tenants and a consistent and predictable regulatory environment for housing providers. AHAB encourages the Legislature to establish clear, fair and uniformly enforced regulations that balance tenant protections and the operational needs of housing providers.

Insurance market stabilization

In recent years, multifamily housing providers have faced unsustainable insurance premium increases of 300-400%. This financial strain affects both housing providers and tenants. State-level intervention is urgently needed to stabilize the rental housing insurance market. This is a critical issue, and we urge the Legislature to explore actions to address the root causes of these increases, promote competitive pricing, and provide relief to those impacted.

Definition alignment and clarity

AHAB supports creating a single definition of emergency shelter and to align the definition of Permanent Supportive Housing (PSH) to provide consistency and clarify the distinction between PSH and licensed facilities.

Document recording fee

Commerce's budget request includes \$403 million to ensure that critically needed programs can continue at their current funding levels. AHAB strongly supports this request and urges the Legislature to sustain homeless and housing programs funded through the Document Recording Fee. To prevent cuts, the state must backfill the ongoing shortfall in funding for homeless services. Up to \$253 million is needed to make up a shortfall caused by a decline in document recording revenue that funds homelessness services in every county. The operating budget should include this amount to prevent any reduction in homelessness services.

Capital budget funding

AHAB consistently advocates for robust capital budget funding to support affordable housing investments. We urge the Legislature to continue large-scale investments in the Housing Trust Fund and the Connecting Housing to Infrastructure Program (CHIP).

Aging homeless population study

In alignment with AHAB's 5-Year Advisory Plan, we request a \$250,000 appropriation to fund a study on the needs and gaps in services for the aging homeless population in Washington. This study should include recommendations for improving current systems of care to address the needs of this growing and vulnerable demographic.

Department of Housing

The 2024 supplemental budget funded a study on creating a Washington Department of Housing. AHAB supports further evaluation of this initiative and consideration of the recommendations resulting from the study to determine the feasibility and benefits of establishing a dedicated housing department.

Affordable housing revenue

Washington needs more than 600,000 units of housing affordable to households earning less than 80% of the area median income over the next 20 years. Achieving this goal will require state and local governments to access new revenue sources for construction and infrastructure investments. AHAB encourages the Legislature to consider dedicated funding for the Washington Housing Trust Fund and explore local government funding options, such as revenue measures that city or county councils can approve on their own authority, to support affordable housing initiatives.

Conclusion

Housing affordability remains a significant challenge in Washington State, affecting residents across all income levels, particularly low- and moderate-income households. While recent legislative efforts, funding increases, and policy reforms have had impacts, data shows that substantial gaps in housing supply, affordability and equitable access continue.

Key findings from this report show:

- **A shortfall in housing production**, with annual permitting far below the levels required to meet current and future demand.
- **Continuing affordability issues for renters and future homeowners**, which rising interest rates have exacerbated.
- **Racial and ethnic disparities in housing affordability and homeownership persist** despite some progress.
- **The full impact of policy changes won't be seen for years**, including those promoting middle housing and accessory dwelling units.

Washington urgently needs to accelerate housing production, particularly affordable housing options. The 2025 AHAB Legislative Agenda offers recommendations to address these challenges, including expanding funding for affordable housing and stabilizing rental markets.

Through stakeholder collaboration, Washington can improve all residents' access to stable and affordable housing. The Affordable Housing Advisory Board remains committed to working toward this goal.

Appendix A: AHAB Board Members

Affordable Housing Advisory Board Membership, December 2024

Position number	Member name	Representing
1	Amy Falcone	Association of Washington Cities - West
2	Conor Hansen	Residential Construction
3	Doug Ito	Residential Construction
4	Jonnie Matson	Special Needs
5	Norma Hernandez	Association of Washington Cities Rep - East
6	Colin Morgan-Cross	Non-Profit Housing Developer
7	Vijya Patel	Real Estate Sales
8	Lowel Krueger	Public Housing Authorities
9	John Barry	Home Mortgage Lending
10	Susan Boyd	Apartment Management
11	Michael Dotson	AHAB Vice Chair, Home Mortgage Lending
12	Meg Martin	Homeless Shelter Operator
13	Daniel Lugo	Consumer Current/ Past of Low-Income Housing
14	Greg Dunfield	For Profit Housing Development
15	LaDon Linde	Washington Association of Counties Rep - East
16	Vacant	General Public
17	Michael Jones	Washington Association of Counties Rep - West
18	Michone Preston	AHAB Chair
19	Mike Leybourne	For Profit Rental Housing Owner
20	Ami Manning	Site-based Permanent Supportive Housing and Services
21	Cynthia Dampier	Unit Owner's Association
22	Jason Gauthier	Interlocal Housing Collaboration
Ex-Officio	Tedd Kelleher	Washington State Department of Commerce
Ex-Officio	Steve Walker/Lisa Vatske	Washington State Housing Finance Commission
Ex-Officio	Theresa Slusher	Washington State Department of Social and Health Services