

**CITY OF LACEY & LACEY URBAN
GROWTH AREA
HOUSING ELEMENT
OF THE COMPREHENSIVE PLAN
2016**



HOUSING ELEMENT

Community Vision – Lacey includes a broad choice of housing types at a range of prices, including affordable homes in diverse, safe settings that maintain a high quality of life.

INTRODUCTION

Housing conditions have a direct impact on Lacey’s quality of life. Residents place a high value on having a safe and comfortable place to live, in a home that is affordable, and is located in an area that is attractive and conveniently located. Through the Envision Lacey process, citizens responded that vibrant neighborhoods that ensure a full range of affordable housing options are important to them. Residents also indicated that new and existing residential neighborhoods should offer a high-quality appearance and function that provide for the day-to-day needs of residents.

Economic forecasts for the planning period indicate an increase of 60,000 jobs in Thurston County with 13,700 jobs in Lacey alone. Job growth will add to the need of accommodating 27,490 additional people within our Urban Growth Area (UGA). The increased number of jobs will add workers that need housing for their families. It is projected that a total of 12,220 new homes will be needed in the UGA during the next twenty years. With the continued cost of housing increasing in the Central Puget Sound region, the number of people relocating to our area and commuting to jobs is also expected to increase.

While single-family neighborhoods have remained a staple in Lacey, the number and variety of multifamily housing choices have slowly increased in the last several years, including in mixed-use developments. The Comprehensive Plan calls for distribution of a range of housing types to provide for the housing needs of Lacey’s full demographic profile. The Plan also proposes the use of compact mixed-use housing forms to provide conservation of buildable land resources and opportunity for a range of housing styles and choices.

It is anticipated that Lacey will continue to transition from a suburban community to a more urban community with a strong employment base. Through careful planning and community involvement, changes and advances in housing styles and development can be embraced by the community. Residents will be able to enjoy an increased connection to their neighborhood and to the community as a whole.

The Housing Element is organized into sections providing a planning context for housing policies, legislative directives, regional cooperation and planning, and community values. The Element also contains a profile of Lacey’s existing and projected housing needs, and identifies general and affordable housing issues. The Housing Element is a joint planning document between the city of



Lacey and Thurston County. This Element applies to all areas incorporated or unincorporated within Lacey's designated UGA.

Information included in this chapter is based upon the 2010 U.S. Census data and the 2008 – 2012 American Community Survey (ACS). The chapter also includes information prepared by Thurston Regional Planning Council (TRPC), including the 2014 *Buildable Lands Report* and *The Profile*. These documents provide detailed data and also act as a general guide to plan for projected housing needs based on buildable land availability, existing housing stock, and other relevant housing issues.

PLANNING CONTEXT

Federal Direction

The Federal Fair Housing Act (FFHA) requires that reasonable accommodations be made in rules, policies, or services, when such accommodations may be necessary to afford persons with disabilities equal opportunity to use and enjoy a dwelling. As part of the Housing and Urban Development Urban Corridors Communities Challenge Grant, TRPC evaluated the Lacey Municipal Code (LMC) to ensure that the standards “actively incorporate fair housing principals into land use planning by considering established reasonable accommodations, mechanisms, and policies.” This 2012 review identified that the LMC treats single-family housing and housing for people with functional disabilities in the same manner in all of the City's primarily single-family residential zones. Housing for disabled people in zones that permit a mix of housing types is implicitly allowed as long as the units meet density requirements. This approach was deemed appropriate under the Fair Housing Act and the Washington Housing Policy Act.

Provisions to grant reasonable accommodations in zoning and building standards to allow disabled individuals to build or utilize a home are not currently contained in our code and should be considered for inclusion.

State & Regional Direction

The Growth Management Act (GMA) requires jurisdictions to identify the projected housing needs of each city and to make adequate provisions for existing and projected needs of all economic segments of the community. Jurisdictions must demonstrate how they plan to meet GMA goals for affordable housing, including providing an inventory and analysis of existing and projected housing needs. The overall GMA planning goals for housing are:

- **Ensure housing for all economic segments of the population**
- **Participate in making available a fair share of affordable housing, including housing for people with special needs**
- **Promote zoning classifications which allow a variety of residential densities and housing types**
- **Encourage preservation of existing home stock**
- **Assure that housing complies with local, state, and federal fair housing laws**

Housing policies cannot be used to regulate manufactured housing differently than site built



housing. For cities with a population over 20,000, provisions for accessory dwelling units (ADUs) in single-family residential areas must be allowed. An ADU is a small, self-contained residential unit located on the same lot as an existing single-family home. An ADU has all the basic facilities needed for day-to-day living independent of the main home, including a kitchen, sleeping area, and a bathroom. Code provisions can be put in place that include specific size limits, location, and allowances for a separate unit within an existing home or a separate structure.

The County-wide Planning Policies (CWPP's) are policy statements used to provide a county framework for the development of local comprehensive plans to ensure the coordination and consistency between City and County Comprehensive Plans and provide a framework for joint planning between local jurisdictions.

The CWPP's were updated in 2015 to reflect policies that are contained in the regional sustainability plan titled, *Creating Places - Preserving Spaces: A Sustainable Development Plan for the Thurston Region*. CWPP's contain seven policies applicable to providing sustainable and affordable housing. These policies are:

- **Increase housing choices to support all ranges of lifestyles, household incomes, abilities, and ages. Encourage a range of housing types and costs that are commensurate with the employment base and income levels of jurisdictions' populations, particularly for low, moderate, and fixed income families**
- **Accommodate low and moderate income housing throughout each jurisdiction rather than isolated in certain areas**
- **Explore ways to reduce the costs of housing**
- **Establish and maintain a process to accomplish a fair share distribution of housing among the jurisdictions**
- **Work with the private sector, Housing Authority, neighborhood groups, and other affected citizens, to facilitate the development of attractive, quality, low and moderate income housing that is compatible with the surrounding neighborhood and located within easy access to public transportation, commercial areas, and employment centers**
- **Regularly examine and modify policies that pose barriers to affordable housing**
- **When possible, provide assistance in obtaining funding and/or technical assistance for the expansion or establishment of low cost affordable housing for low, moderate, and fixed income individuals and families**

Local Direction

Housing needs rarely recognize jurisdictional boundaries and these needs are rarely solved by a single community or agency. For this reason, the City works with regional agencies to support a regional approach and cooperation among agencies to meet its housing goals. Without this cooperation, the City and the region will fail to accomplish its goals.

A number of public, private, and nonprofit organizations provide support for affordable housing services, including the Housing Authority of Thurston County. The Housing Authority provides emergency, traditional and permanent housing for persons with disabilities, low income, and at-risk individuals and families.



Housing

The HOME Consortium is an eight member advisory board responsible for jurisdictional administration of Thurston County's housing programs. The Consortium is comprised of public elected officials from Thurston County cities and Thurston County. The Consortium is an advisory board and makes county housing funding and policy recommendations for the HOME Investment Partnership Housing Program, the Affordable Housing Program, and Homeless Housing Programs. Nonprofit organizations, local municipalities within the county, profit developers, and faith-based organizations that provide affordable housing in accordance with the requirements of the Affordable Housing Program are eligible applicants for program funds. Other programs include the Housing and Community Development Program (HCD), the Homeless Housing Program, and capital project and rental assistance programs.

Thurston County has been designated as an Urban County for the Federal Community Development Block Grant (CDBG) Program. Thurston County partners with Lacey and area cities for federal funding to serve low-income individuals and families in the County. CDBG funds are made available on a rotating basis between the city of Lacey, city of Tumwater, and Thurston County, including Yelm, Rainier, Tenino, and Bucoda. The city of Olympia operates a separate CDBG program. CDBG funds various programs, including affordable housing. This program must benefit low and moderate income persons, prevent or eliminate slums or blight, or address existing and urgent community development needs that pose serious or immediate threat to the health or welfare of the community.

There are numerous nonprofit organizations that serve the communities in Thurston County. Some of the nonprofit organizations focused on affordable housing for various groups are included below.

Since 1990, **Homes First!** has worked to increase the supply of affordable housing for members of the community by purchasing a variety of houses, duplexes and apartments and rehabilitating them. **Homes First!** develops, owns and manages affordable housing for low and very low income residents in Thurston County. They partner with other nonprofit groups like **Common Ground** and the **Housing Alliance**.

The **Low Income Housing Institute** develops, owns and operates housing for the benefit of low income, homeless, and formerly homeless people. They operate three properties in Thurston County, with two of the properties located in the city of Lacey: Magnolia Villa and Arbor Manor.

SideWalk is a local organization on a mission to end homelessness in Thurston County. In its first three years, this nonprofit organization has provided for the placement of over 500 homeless individuals using a method called "rapid rehousing". This approach offers time-limited, small rental subsidies to assist homeless people move into housing, followed by intensive case management to ensure stability. This approach has been effective for 80% to 90% of the homeless population entering their program.

The City added provisions to the LMC in 2013 to provide for homeless encampments as an emergency shelter. These provisions were put in place to help provide for alternative temporary housing for the homeless population. A host agency is required to submit the appropriate application materials including provisions for water and sanitary facilities, security measures, screening, and



a transition plan to assist in transitioning residents to permanent housing. Fire, health, and other safety measures are also required.

The City has also added incentives for multifamily development in the Woodland District by adopting a multifamily tax exemption to improve the viability of developing multifamily units and encourage the construction of new market-rate and affordable housing opportunities. Additional opportunities to incentivize increased densities should be explored in other areas of the City, including urban corridors, areas served by transit, and designated infill areas.

Relationship of Housing Element to Other Comprehensive Plan Elements

The Housing Element goes beyond the projection of housing needed to meet population growth. Land use, transportation, capital improvements, and environmental issues are important considerations when planning to provide housing at affordable costs, both to the consumer and the long-term fiscal costs to the City.

The Housing Element is closely linked to other elements of the Comprehensive Plan. For example, the Land Use Element defines the intent and location of residential land use designations and densities. Both the spatial location of residential zones and the range of densities will impact housing issues. Densities will determine how much land is available to accommodate anticipated urban growth. Allowed densities and standards in different land use zones must provide for the anticipated demand of various housing types to accommodate needs. Locations should be sensitive to the desirability of specific areas for housing, considering land use policies, needs, and community input.

The Housing Element is also strongly linked to the community's transportation system. Housing will affect commuting patterns and transportation costs, as well as required expenditures for roads and multimodal facilities and improvements. If there is a lack of affordable housing in an area, people will be forced to commute increased distances to work and to other services. If housing is located in areas without consideration of transportation issues, significant impact can be expected to occur in the transportation system.

Housing is directly connected to capital improvement and facilities plans because of impacts to transportation and the need for urban services such as water, stormwater, sewer, parks, and other recreational facilities. The placement of housing impacts the need and timing for capital improvements, including schools. Housing needs to be located in an area where necessary infrastructure is either available or can be provided in a cost effective and efficient way.

The siting of residential development needs to consider impacts to environmentally sensitive areas addressed in the Environmental Element and in sensitive area regulations. High density development misplaced in these areas can impact the functions and value of these resources. Housing needs must be met without compromising the values and functions of our sensitive areas that contribute to the community's overall quality of life.

Homeless Population

There is a known homeless population within Thurston County that includes families with children, and children living on their own in Lacey. In 2015, the *Thurston County Homeless Point in Time Census Report* counted a total of 476 people who were homeless. The United States Department of Housing and Urban Development (HUD) defines the “homeless” population as individuals living outdoors and in vehicles, staying in homeless shelters, and those in transitional housing (temporary in nature). Of these individuals, 163 were living in unsheltered conditions, 155 were living in transitional accommodations, and 158 were living in sheltered conditions. “Unsheltered” is defined as living in places not meant for human habitation such as cars, tents, parks, sidewalks, or on the street.

Homelessness is a regional issue impacting all areas of Thurston County. Homelessness crosses jurisdictional boundaries, and as such, local jurisdictions have a responsibility to cooperatively find ways to reduce homelessness. A continuum of care involves provisions for emergency shelter, transitional shelter, and ways of providing access to services required of this population. Resources needed also include social services and successful programs to integrate the homeless into the community.

In 2006, a county-wide partnership to end homelessness completed a ten-year plan with the goal of decreasing the homeless population by 50% in the year 2015. In 2006, the total homeless population was 441 individuals; the 2015 homeless population was 476, up 7.9%. The majority of the homeless population migrates to urban hubs. This is due in part to closer proximity to urban services, shelter and transitional housing. The majority of the homeless population in Thurston County is found in the city of Olympia, over 66%. Of the individuals counted in the 2015 census, 6% identified their last permanent residence as Lacey and 1% had spent the previous night in Lacey.

In the last ten-year period, the homeless population peaked at 976 people in 2010. Although the current homeless population is up slightly from 2006, the number of unsheltered individuals has decreased by 36%. Recent decreases are attributed to additional successful housing resources. Stronger economic conditions and additional housing resources have helped decrease the number of homeless people that were counted in 2010. Over the presiding ten-year period, the goal of reducing the homeless population was not realized. Nearly 60% of the homeless population is male with 50% of the population in the 26 – 55 year age range. Over 21% of the homeless population are children aged 17 and younger. The major reason cited for being homeless, 38%, was job loss or economic reasons. Other foremost causes of homelessness included mental illness at 28%, domestic violence at 23%, and illness/health problems at 20%.

A parallel count is done annually for the Homeless Student population by Thurston County’s school districts. The Thurston County homeless school aged population (K-12) counted in 2015 was 1,658 students, up from the 2006 census of 654 students. The homeless student population has increased over 153% in the last ten-year period. The North Thurston School District, which includes the city of Lacey and its unincorporated UGA, contains the highest number of homeless students of all the districts, with 623 students.



Poverty is a strong indicator for being at risk of homelessness for families with children. The free and reduced lunch program serves as an index of poverty for families with children in each school district. Of the 14,422 students in the North Thurston School District, 6,264 receive free or reduced lunch, over 43%. This data, provided by the Office of Superintendent of Public Instruction, provides useful information on how school districts are doing. All eight districts in Thurston County show a deepening of poverty among families in public schools.

Lacey participated in hosting a tent city encampment in the summer of 2009. This was possible after adoption of an ordinance providing for the use. Development of the ordinance involved extensive review of the topic and work with religious organizations supporting the effort. Lacey’s experience with the camp was very successful and went without incident. Lacey has also participated in providing emergency shelter for men when temperatures drop below 32 degrees and other shelters are full.

Lacey has existing programs that serve a need for the homeless that are not readily apparent. The structure of the programs serve both the general public and the homeless demographic who can use the service to fill the gaps in coverage.

DEMOGRAPHIC PROFILE RELATING TO HOUSING NEEDS

Population, Characteristics, and Trends

The 2010 census estimates that 42,393 persons were residing in the Lacey, with an additional 33,140 residing in the unincorporated UGA, for a total population of 75,533. For the twenty-year planning period, it is estimated that the population of Lacey will be 53,090, with another 54,630 people residing in the UGA for a total population of 107,720. This increase of over 32,000 people equates to an approximately 42% increase in population by the year 2035.

Table 1 delineates the total population in Lacey by age and gender based on 2010 U.S. Census data. These figures are used to determine the number of school aged children, the number of persons who may be first time home buyers, and the elderly population. These groups have influence on specific housing needs.

TABLE 1

Lacey Population Distribution by Age and Gender 2010			
Age	Male	Female	Total
0-4	1,743	1,608	3,351
5-14	2,880	2,613	5,493
15-19	1,252	1,364	2,616
20-24	1,472	1,658	3,130
25-34	3,404	3,701	7,105
35-44	2,672	2,721	5,393
45-54	2,213	2,557	4,770
55-64	1,978	2,488	4,466
65-74	1,229	1,654	2,883
75+	1,147	1,939	3,086
Total Population	20,090	22,303	42,393



First time home buyers are typically found within the 20-34 year age group. This age group contained a total of 10,235 persons in Lacey, accounting for approximately 24% of the population. Additionally, 5,969 persons were 65 years or older or approximately 14% of the population. Persons aged 75 years or older are usually defined as the frail or elderly and are considered as a special needs population in most assessments. The greatest increases in population from the 2000 census occurred in the 25-34 year age group and the 55-64 year age group. Females were approximately 53% of the population due to longer life expectancy, beginning at ages 55-64.

The 2010 census also indicates that there were approximately 8,109 school aged children from 5 years to 19 years of age, or approximately 19% of the incorporated population. The percentage of school age children living within the City limits decreased approximately 2.5% from the preceding ten years.

Household Characteristics and Trends

For housing studies and needs analysis, household characteristics are important to determine the type of housing units the population will need. Census information provides specific household characteristic information for Thurston County and the city of Lacey.

In 2010 there were a total of 16,949 households in Lacey. Statistics show that the average household size is 2.44 persons, which is down slightly from 2.47 persons in 2000. Historical information indicates that household size has been steadily declining, displaying a trend toward fewer children. For example, the average household size in 1960 was 3.44 persons. Approximately 36% of Lacey's families include children and about 27% of households have other family members residing in their home, the majority of which are aged 65 years and over, up from 23% in 2000.

In looking at statistics for single parent households, approximately 63.8% of the households with female householder (no spouse present) have related children.

Income/Employment Characteristics

Income and employment characteristics are important in housing analysis in order to understand and plan for the needs and preferences of area residents. Social characteristic information is available through the 2010 census and 2014 employment estimates from TRPC. A 2014 estimate shows a total of 25,245 persons within the labor force in Lacey and its UGA. Employment forecasts for the year 2035 show an increase of 13,700 jobs for a total employment base of 38,945 jobs. Forecasts indicate increased employment in construction and utilities, wholesale trade, and retail trade. Manufacturing jobs are expected to continue to decrease based on past trends.

Specific income profile is available for Lacey from the 2010 census. 7.6% of households in Lacey had an income of less than \$15,000 per year. The 2008/2012 *Five-Year Average Poverty Guidelines* from the U.S. Census Bureau indicate that for a family of four, the federal poverty level is \$24,250. For an individual the poverty level is \$11,170, and for two people it is \$15,930. For each individual added to a family above two members, a dollar amount of \$4,160 is added to the \$15,930 dollar amount. The most common household income range was in the \$50,000 to \$74,999 level, with 25% of households falling in this range. This is followed by 16.3% of the population falling in the \$75,000 to \$99,999 income level and 15.3% in the \$35,000 to \$49,999 level. Lacey's median

income level in 2010 was \$58,835. The median income level was higher than the state average of \$55,584 for the same year. The Federal Poverty Guidelines are used to determine eligibility for certain federal programs, including housing assistance programs.

Statistics on poverty level status is also provided. 10.7% of people residing in Lacey are living at or below the poverty level. This percentage increases dramatically for families with female house-holders (no spouse present). For female head of household with related children under 18-years of age, 45.9% are living below the poverty level. That percentage increases for female head of household with related children under 5 years of age to 65.7%. The percent of individuals living below the poverty level in Thurston County is 11.1%. This compares with the city of Rainier, with the lowest rate for jurisdictions in Thurston County with 5.2% and the city of Yelm with the highest rate of 19.6%. During this same period, the percent of individuals in Washington State living below the poverty level was 12.9%.

Demographic information identifies the importance of providing for the needs of changing house-hold types and supported policies that encourage a mix of housing types and sizes. In addition to meeting the housing demands created by population and employment growth, the necessity to accommodate the diverse needs of Lacey residents through changes in age, family size and various income levels is warranted.

HOUSING PROFILE AND ANALYSIS

Housing Types

It is important to have a clear picture of Lacey's available housing stock in order to meet current and future needs. According to data from TRPC there were an estimated 19,420 housing units in Lacey in 2015, with an additional 13,640 units within the unincorporated UGA, for a total of 33,060 units within the UGA. The vast majority of housing units in the City and UGA, a total of 68%, are single-family detached homes. Another 8,400 units, or 25% of the total, are multifamily units, and the remaining 2,270 are manufactured homes, accounting for 8% of housing units.

With the increased demand for housing between 2003 and 2006, housing costs escalated as significant development occurred within the City and unincorporated portions of the UGA. From 2000 to 2009, Lacey's incorporated and unincorporated UGA exceeded all other cities and unincorporated areas in Thurston County for the number of new residential lots and housing units constructed. The year 2006 saw the greatest number of residential building permits issued with 1,453 in the City and 140 in the unincorporated portions of the UGA for a total of 1,593 permits. The high volume of residential permits began to decline in 2008, siding with the economic recession. Beginning in 2000, residential units permitted in the unincorporated UGA began to exceed or equal the number of permits issued Lacey. A change in this trend occurred in 2005. Since that time the City has issued more residential permits on an annual basis. This trend is expected to change in the upcoming planning period now that available land in Lacey is nearing build-out.



Housing Occupancy

Housing occupancy refers to the occupancy of housing units by owners or renters. This information is important to assess community housing needs. Of the 16,949 total units occupied in 2010, 9,716 were owner occupied and 7,233 were tenant occupied. This amounts to a ratio of 57.3% of home ownership and 42.7% tenant occupied units. Lacey has a higher percentage of home ownership than either Olympia (49.5%) or Tumwater (54.2%). The number of households in Thurston County that live in rental housing has incrementally increased from 26% in 1960 to 33% in 2010. Greater percentages of renter occupied units are found in the more populated cities in the County.

Vacancy Rates

The vacancy rate is a measure of the percentage of unoccupied housing units. A 5% vacancy rate has been presumed to be a balanced vacancy rate by industry standards; however, this balance varies among areas and types of units. The vacancy rates in 2014 for a one bedroom unit were 2.9%, 4.1% for a two bedroom unit, and 3.4% for a three bedroom unit. According to U.S. Census data, overall vacancy rates in Lacey increased by 3.02% from 2000 to 2010.

Natural vacancy rates vary over time due to several cyclical factors. If the actual vacancy rate is below the natural rate, prices will typically rise. If the vacancy rate is above the natural rate, prices will typically fall.

Housing Costs/Affordability

According to the Northwest Multiple Listing Service, the average sale price for a home in Lacey in 2013 was \$224,856, compared to \$140,134 in 1990. In 2007, the average home sale price hit a high of \$315,369.

Information is also available regarding average rent prices. TRPC data show that rents in 2014 for a home or duplex in Thurston County averaged \$730 for a one bedroom unit and \$1160 for a three bedroom unit. Rental costs in Lacey exceed these due to location and levels of services. The 2014 average rental rate in Pierce County was \$887 and \$1,270 in King County. In 2001, a one bedroom unit rented for \$515 and a two bedroom unit rented for \$578. Rental rates for single-family and multifamily units have steadily climbed over the previous planning period. The trend for increased rental rates is expected to continue.

The “housing affordability index” is a way of measuring a household’s ability to purchase a home. When the index is 100, there is a balance between the family’s ability to pay and the cost. A higher index indicates it is easier for a family to pay and a lower index indicates that it is more difficult. The County’s affordability index was calculated at 99.0 the first quarter of 2014 for a first time buyer. This indicates that the first time home buyer has slightly less household income than required to purchase a home.

Affordable housing is defined as not more than 30% of a household’s gross income. However, it is commonly known that many households are spending more than this amount on housing. A standard rule for housing lenders is that a monthly housing payment (principal, interest, taxes, and insurance) should not take up more than 28% of your income before taxes. This debt-to-income

ratio is called the “housing ratio” or “front-end ratio.” Lenders also calculate the “back-end ratio.” This ratio includes all debt commitments, including car loans, student loans and minimum credit card payments, together with your house payment. Lenders prefer a back-end ratio of 36% or less. In some cases, lenders will approve applicants with higher debt-to-income ratios. Federal regulations give legal protection for mortgages with back-end ratios up to 43%. Lending ratios are a major driver in housing affordability and ownership because they help define the parameters of a qualified mortgage.

Forecasted Housing Profile

Based upon population estimates for Thurston County and the *Buildable Lands Report*, Regional Planning has developed a forecast for housing for the UGA. This study forecasts housing development and allocation over five-year increments. Table 2 forecasts the dwelling units needed to accommodate the projected population for the City and UGA to the year 2035. With 33,060 residential units located within Lacey’s UGA in 2015, it is anticipated that an additional 12,220 new units will be needed during the upcoming twenty-year planning period. It is projected that over 60% of the dwelling units constructed over the planning period will be located in the unincorporated portions of the UGA.

Table 2

Projected Number of Dwelling Units Needed for Lacey and UGA				
	2020	2025	2030	2035
Lacey	21,480	22,290	23,000	23,470
UGA	15,540	17,660	19,910	22,090
Total	37,020	39,950	42,910	45,560

PLANNING AREAS - HOUSING CAPACITY

The housing information in this section has been provided by Thurston Regional Planning Council based on the number of homes in 2010 according to type, additional housing capacity for each area, and information contained in the Buildable Lands Analysis.

Central Planning Area

Number of single-family residential homes – 2,443

Number of multifamily units – 2,675

Number of manufactured homes – 202

Housing Estimate and Forecast – Central Planning Area		
	2010	2035
City	5,320	6,100
UGA	0	0

Hawks Prairie Planning Area

Number of single-family residential homes – 3,042

Number of multifamily units – 91

Number of manufactured homes – 7

Housing Estimate and Forecast – Hawks Prairie Planning Area		
	2010	2035
City	2,420	4,690
UGA	720	970

Horizons Planning Area

Number of single-family residential homes – 3,618

Number of multifamily units – 2,075

Number of manufactured homes – 387

Housing Estimate and Forecast – Horizons Planning Area		
	2010	2035
City	5,610	6,540
UGA	470	470

Lakes Planning Area

Number of single-family residential homes – 5,194

Number of multifamily units – 1,037

Number of manufactured homes – 359

Housing Estimate and Forecast – Lakes Planning Area		
	2010	2035
City	3,720	4,210
UGA	2,870	3,720

Meadows Planning Area

Number of single-family residential homes – 3,180

Number of multifamily units – 1,044

Number of manufactured homes – 336

Housing Estimate and Forecast – Meadows Planning Area		
	2010	2035
City	390	510
UGA	4,170	5,630

Pleasant Glade Planning Area

Number of single-family residential homes – 548

Number of multifamily units – 233

Number of manufactured homes – 199

Housing Estimate and Forecast – Pleasant Glade Planning Area		
	2010	2035
City	400	760
UGA	580	2,240

Seasons Planning Area

Number of single-family residential homes – 1,274

Number of multifamily units – 18

Number of manufactured homes – 47

Housing Estimate and Forecast – Seasons Planning Area		
	2010	2035
City	0	0
UGA	1,339	4,650

Tanglewilde/Thompson Place Planning Area

Number of single-family residential homes – 2,283

Number of multifamily units – 1,047

Number of manufactured homes – 390

Housing Estimate and Forecast – Tanglewilde/Thompson Place Planning Area		
	2010	2035
City	610	650
UGA	3,110	4,420

HOUSING GOALS AND POLICIES

Goal 1: Have a sufficient number of single-family dwelling units, multifamily units, and group and special need housing to provide a selection of rental and home ownership affordable housing opportunities for all persons.

Policy A: Provide opportunities for development of all housing types to accommodate future needs for each type of housing.

Policy B: Monitor the market and available land in the urban growth boundary to provide sufficient area zoned to meet the demand for various types of housing.

Policy C: Encourage a wide variety of housing from low to high income in range to allow placement and mobility within the housing market.

Policy D: Promote preservation and improvement of existing single-family and multifamily units.

Policy E: Support neighborhood revitalization through available grants from the State, Federal and local levels to maintain and improve infrastructure.

Policy F: Support policies and programs to address the unique housing needs of the military population, including active duty, reserves, dependents and contractors.

Goal 2: Achieve a balanced community with each planning area accommodating a fair share of housing needs for all persons.

Policy A: Consider requirements and incentives designed to result in a balanced, increased supply of affordable housing in all parts of the City for very low, low and moderate income households.

Policy B: Consider programs that include mandatory requirements for new developments targeting individual planning areas until housing goals for target groups are achieved.

Goal 3: Work with regional agencies and bodies to implement affordable housing techniques consistently and on a regional scale.

Policy A: A myriad of affordable housing strategies should be implemented by all surrounding jurisdictions in Thurston County to meet housing needs on a regional scale for very low, low and moderate income households.

Policy B: Public and nonprofit agencies, such as the Housing Authority with expertise in housing practices and special needs, should be a major partner in inclusionary programs.

Policy C: The Housing Authority, or other agencies, should take a lead role where its expertise and function lend itself to best accomplish program objectives. Lead responsibility might include such tasks as qualifying households by income bracket, monitoring target objectives, administration of an affordable housing trust, taking ownership of dedicated lots and units, contracting for the development of units, monitoring the sale and resale controls of designated public units, and other related tasks.

Goal 4: Achieve housing that is compatible and harmonious with existing neighborhood character while allowing infill and providing for environmental sensitivity.

Policy A: When designating areas for infill and zoning classifications, consider and place emphasis on the composition of the neighborhood, housing need, available infrastructure, principals of walkability and healthy communities.

Policy B: When implementing infill projects in designated areas, require design of infill projects that:

- 1) Meet the housing needs of the planning area considering variety and choice.*
- 2) Integrate successfully into the existing residential environment considering form based concepts and healthy community objectives.*
- 3) Provide a form, look and feel and social functionality that will add to the character, desirability and value of the surrounding neighborhood.*

Policy C: Continue to utilize design review guidelines for all residential developments.

Goal 5: Provide a variety of housing opportunities for those with special needs.

Policy A: Provide opportunities for development of various types of group housing.

Policy B: Ensure a full range of housing and facilities for the accommodation of persons with special needs exist within each planning area, with consideration for promotion of housing in those planning areas providing the most services for such individuals.

Policy C: Design group homes and facilities for special populations so that they are integrated, compatible, and harmonious with surrounding land uses.

Policy D: Enforce all requirements of the International Building Code that addresses the Americans with Disabilities Act and the Fair Housing amendments.

Goal 6: Work cooperatively with local jurisdictions, nonprofits and religious organizations to reduce homelessness and find ways for providing emergency and transitional shelter to serve the identified needs of this population.

Policy A: Based upon identified need, provision of facilities and services should be addressed by all local jurisdictions with fair share commitment reflected in local budgets.

Policy B: Provide the opportunity to accommodate innovative strategies that will include emergency and transitional housing for the homeless population.

Policy C: Ensure location and use of emergency and transitional housing considers, and is successfully integrated into, the surrounding neighborhood without impact to other land use activities.

Policy D: Maintain and expand linkages with the business, religious and nonprofit communities as partners in ending homelessness.

Policy E: An emphasis in City policy will be to reflect the Continuum of Care approach, which emphasizes supporting self-sufficiency and transitional housing programs rather than stop gap measures which fail to break the cycle of homelessness.

Policy F: The City supports an increased role in meeting the problems of homelessness from the private sector through funds, in-kind, and volunteer support and will evaluate its funding decisions partially on the basis of other funding sources. The City will use its resources to leverage support for homeless services from the state and federal government and other funding sources.

Policy G: As much as practical, consider the needs of the intended uses and site facilities to provide convenient access to the services the population will require.

Policy H: Continue to review and monitor participation and experience in programs that support the homeless population, assess effectiveness in meeting the needs of Lacey's homeless individuals, and provide opportunities for programs that can better serve this demographic.

Policy I: Particular priority will be provision of services to minors without family resources and families with children. The City will place its highest priority on assisting homeless children and families with children and victims of domestic violence and other special needs groups.

Policy J: As long as there is a demonstrated need for temporary transitional housing and the tent city program continues to operate in a fashion that is compatible with adjacent land uses, Lacey should consider continued support of the opportunity for local churches to administer to the homeless by hosting a tent city.

Goal 7: Identify and support a central contact to provide a help response for the homeless and citizens at risk of becoming homeless.

Policy A: Support Lacey's community partners in improving the community's response to the needs of the homeless with identification of a referral point of contact for people to find services. This can include a service like the 211 referral line.

Policy B: Support homeless persons or those at risk of becoming homeless by identifying referrals that can put people in contact with the organizations that provide the services that they need.

Policy C: Make technical assistance documents available to citizens and jurisdictional staff on the 211 referral line and related social services so more people will be aware of community resources and where individuals can find help. Distribution of information to publicize the 211 services should include internet information, distribution at relevant community meetings, contact phone numbers, and informational flyers to community service and religious faith-based organizations.

Policy D: Continue to take a regional perspective in addressing homelessness in the Thurston County community through support and participation in the Thurston County Home Consortium that provides coordinated planning, activities and evaluations that address homelessness.

Policy E: As supported programs formulate future budgets or experience budget growth, promote a sharpened focus on addressing priority issues identified for Lacey's homeless demographic.

Policy F: As Lacey reviews programs asking for support through the Housing Consortium, support should be prioritized based upon a program reflecting the goals and priorities identified in this Housing Element.

Goal 8: Strive for no net increase in the number of homeless people identified in future homeless census counts by focusing on proactive intervention.

Policy A: Look for opportunities to strengthen outreach and engagement activities that will facilitate enrollment in treatment and service programs of individuals who are homeless or at risk of becoming homeless.

Policy B: Promote programs designed to ensure that persons returning to the community from institutional or other sheltered settings (including foster care) do not become homeless.

Policy C: Encourage the use of effective prevention interventions, ranging from family strengthening and high-risk youth programs to specific discharge planning.

Goal 9: Achieve maximum utilization of public buildings for use in the public interest by scheduling secondary uses and activities at times facilities are not being utilized for primary functions.

Policy A: Review opportunities for shared use of public facilities where it will not conflict with primary use of the structure and associated activities.

Policy B: When designing new public buildings and planning expansions of existing buildings, consider design to serve dual roles in providing a full range of public services, including emergency shelter, meal services, and other services that might be needed.

IMPLEMENTATION STRATEGIES

The following implementation strategies are actions that the City may pursue to further the goals and policies of the Housing Element. These measures are intended to provide guidance for future planning activities.

- 1) Participate in ongoing regional efforts to plan for adequate affordable housing for very low, low, moderate, and middle income households consistent with the Countywide Planning Policies.
- 2) Include provisions for reasonable accommodations in planning and building standards that comply with the Fair Housing Act and the Washington Housing Policy Act.
- 3) Include zoning mechanisms and development standards that can increase density in appropriate areas. These mechanisms may include infill development, including reevaluating infill standards for lots in developed neighborhoods; minimum densities for selected residential zones; zero lot line development; and density bonuses for multifamily and mixed-use developments.
- 4) Consider including incentives for the multifamily tax exemption in other areas of the City, including urban corridor areas, areas served by transit, and designated infill areas.
- 5) Review and update the development standards to include strategies and provisions that encourage affordable housing and provide housing for special needs populations, such as mixed-use development, congregate care facilities, retirement homes, accessory dwelling units, and inclusionary zoning.
- 6) Review the land use permitting process to ensure continued efficiencies in an attempt to not significantly add to development costs.

CITY OF LACEY AFFORDABLE HOUSING STRATEGY



Adopted August 22, 2019 by Ordinance #1550
Appendix to Housing Element of the Lacey Comprehensive Plan



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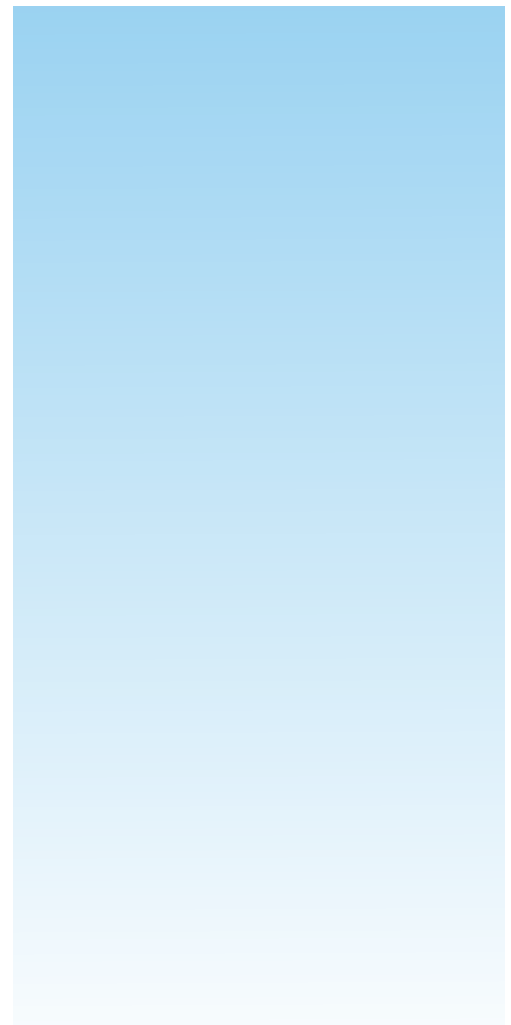
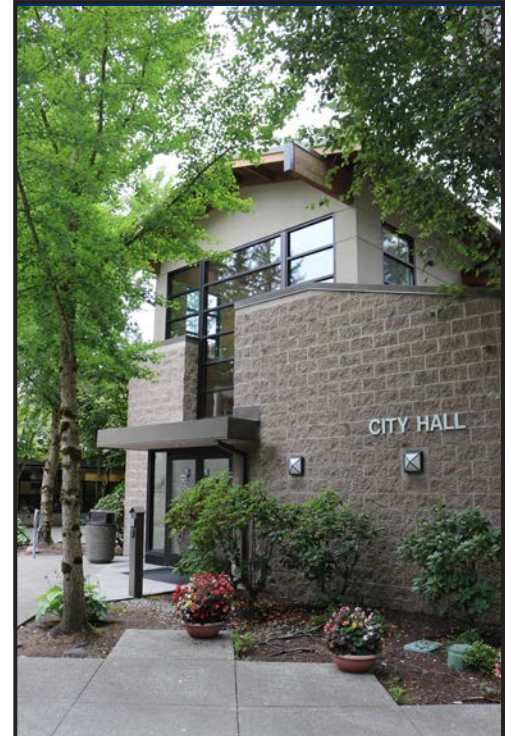


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INTRODUCTION

Lacey is in the midst of an affordable housing crisis, and the City is not alone. According to data provided by the Washington State Department of Commerce, there are an estimated 14,000 households in Thurston County that are currently cost burdened in their rental unit and an additional 19,000 households that are cost burdened as owners. That means nearly 1 in 3 Thurston County households spend more than 30 percent of its income on housing. Typically portrayed in the media as a Seattle or King County issue, housing affordability has been pushed to the forefront as housing costs in more-expensive markets have pushed buyers farther afield, including to the local Thurston County market. However, that is not the whole story. Many factors influence housing affordability such as employment, wages, unintended social issues, and internal/external market factors.

Nearly 1 in 3 Thurston County households spend more than 30% of its income on housing.

This strategy document will expand on the factors listed above that influence the housing dilemma and identify strategies the City can take to reduce the effects of the housing affordability issue.

To help solve the housing crisis, the City and our partners need to create more housing options for our residents.



30-percent Rule Explained

The conventional public policy indicator of housing affordability in the United States is the percent of income spent on housing. The 30 percent rule of thumb evolved from the United States National Housing Act of 1937. This act created the public housing program. The program was designed to serve families in the lowest income group. The program established income limits, rather than maximum rents, to determine if a family qualified to live in public housing.

Although this rule of thumb was created for public housing, today it remains the most commonly accepted standard of affordability for all types of housing.

28/36 Rule Explained

Mortgage lenders use a stricter standard. The 28-36 rule states that a household should spend no more than 28 percent of its gross monthly income on total housing expenses and no more than 36 percent on all debt including housing-related expenses and other recurring debt service.

WHAT IS AFFORDABLE HOUSING?

Affordability is relative. A middle manager at an investment firm can afford a \$1,500/month one-bedroom unit. However, to a Starbucks barista, this is completely out of reach. Generally, the rule of thumb is: Housing costs should account for no more than 30 percent of your income. However, the mortgage industry applies the 28/36 rule. (See sidebar for details.) The region provides a limited supply of workforce market rate and subsidized housing to help its residents stay within that 30-percent limit.

Housing costs should account for no more than 30 percent of your income.

Access to this subsidized housing is also tied to the amount of money you or your family earns relative to what is known as the Area Median Income (AMI).

In 2016, Thurston County's household AMI was \$63,286. According to the Federal Department of Housing and Urban Development (HUD), household

earning less than 30 percent AMI are considered Extremely Low Income; 30-50 percent AMI are Very Low Income; and 50 to 80 percent are regular Low Income (Table 1). Anyone who falls into one of these three low-income categories qualifies for public housing through the Housing Authority, or for other non-profit housing programs.

TABLE 1. Low-Income Categories

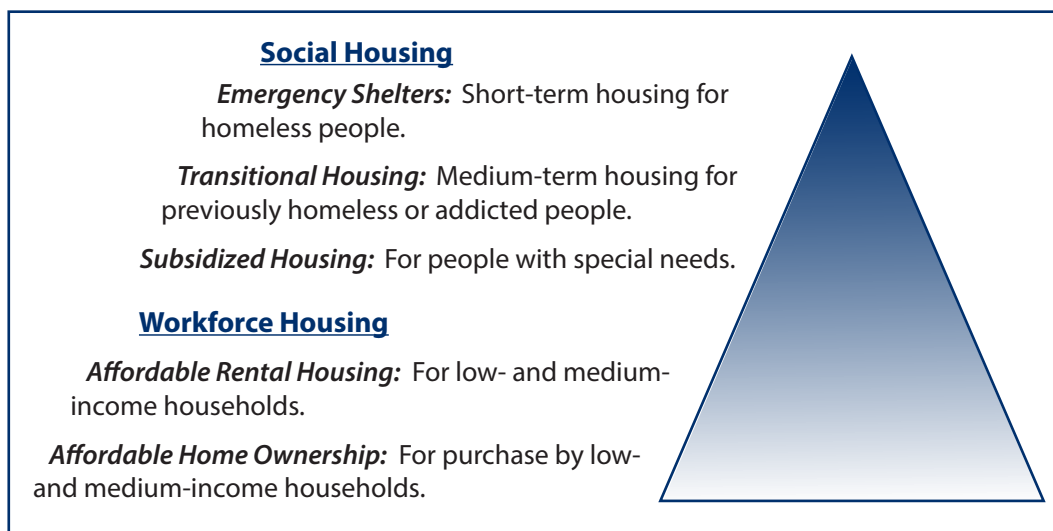
LOW-INCOME CATEGORIES		
Earnings % of AMI*	Income Range	Income Category
50-80%	\$31,643 - \$50,629	Low
30-50%	\$18,986 - \$31,643	Very Low
less than 30%	less than \$18,986	Extremely Low

*AMI = Area Median Income
Thurston County's 2016 Household AMI = \$63,286

Affordable housing demands range from a small number of people who need subsidized social housing to a much larger number of households that need lower-priced workforce housing to rent or purchase (Figure 1, page 3). Virtually all of these households can also benefit from living in an accessible location with relatively low transportation costs.



FIGURE 1. Housing Demand Types*



The demand for all of these housing types is outstripping the supply, especially workforce housing.

*Evaluating Affordable Housing Development Strategies, Todd Litman, 03/26/16, www.planetizen.com)

WHAT IS CONTRIBUTING TO HOUSING UNAFFORDABILITY?

The short answer is that the need for housing is outstripping the amount available. While our job growth and economy look great on paper, it created a demand for new housing faster than what is being built, and the high-demand/low-supply is displacing many cost-burdened and very-low-income residents. More specifically, in the past few years the number of jobs in our region grew 20 percent and housing only grew 14 percent.

People are moving here from higher-priced markets due to:

- A healthy economy and quality of life.
- Relative affordability compared to the much more expensive areas in the Central Puget Sound Region.
- Ease and willingness to commute.

Of the 7,468 households that migrated into Thurston County in 2015-2016, 62% moved from areas where real estate costs were higher than Thurston County (Table 2). This trend is consistent with Thurston County's outbound commute patterns, however cannot be directly connected.

TABLE 2. In-Migration to Thurston County from More-Expensive Areas 2015-2016

	Total Households In-Migration	Members of Households	Central Puget Sound	Beyond Central Puget Sound	Other Areas
Totals	7,468	14,711	3,200	1,425	2,023
Percentage	100%	100%	43%	19%	38%

Source: <https://www.irs.gov/statistics/soi-tax-stats-migration-data-2015-2016>

New housing isn't being built as fast as it is needed. Why?

These development costs also play a role in rising home prices. Increasing:

- Land-acquisition costs; especially as large developable greenfield parcels are acquired for development.
- Construction costs such as cost and availability of labor, and increasing costs of building materials.

These factors also impact development costs but, may not be as commonly considered by people outside the development community.

- Impact fees for schools, streets, and parks.
- Connection fees for water, and especially sewer.
- Interest rates.



Impact Fees

Cities impose impact fees on property developers for new infrastructure that must be built or increased, due to new property development. These fees off-set the impact of additional development and residents, on the city's infrastructure and services which include the city's water and sewer network, police and fire protection services, schools, and libraries. At times, developers view impact fees as a disincentive because the fees can significantly raise the cost of a large construction project.

Connection Fees

Developers must pay utility connection fees (Appendix A) prior to receiving their building permit. They do not recover these fees until a home is sold or apartments are rented. Since the construction time for a single-family home is much shorter than a 100-unit building, the developer will recover these costs much quicker. The higher development cost and much longer construction time for the larger building mean that the builder's invested equity and interest-accruing borrowed funds are tied up for a longer period of time. This is an example where time truly is money (Table 3). When considering the economic feasibility of a project, especially an apartment building where substantial amounts of capital are tied up for long periods of time, the longer time-frame represents greater risk. If the risk is too high, developers may choose other investment opportunities, with similar or even lower risks.

If the project expenses, including connection fees, are too high, too early in the process, or both, it can make the development financially unfeasible. In a rising interest rate environment, this makes those costs, even more burdensome.

TABLE 3. Connection Fee Comparison

Type of Housing Unit	Number of Units	Approximate Connection Fee	Relative Fee-Recovery Time
Single-Family Home	1	\$16,700	Short
Multi-Unit Building	100	\$757,000	Long

Note: Multi-unit connection fees depend on meter size, which is driven by the number of units being built and number of stories. The City charges less per unit for a multi-unit building than for single-family homes because users of multi-units tend to use less water., i.e. 100 units would be 70 Equivalent Residential Unit (E.R.U.s.) See appendix for full connection fee schedule.

Interest Rates

Over the last 17 years, borrowers have benefitted from low interest rates. However, the recent upward trend in interest rates affects borrowers at every step in the housing-development process (developers, builders, contractors, sub-contractors, homebuyers, and landlords). This means it will be more expensive to build housing of all types, therefore, more expensive to buy or rent. Ultimately, low-income homebuyers and renters will have fewer housing options.

Chapter 1. LACEY HOUSING MARKET

Market-Rate Rentals

Rental prices have increased steadily over the past few years. From 2017 to 2018, prices for all types of units increased by 5-10% and have surpassed what Housing and Urban Development (HUD) guidelines define as “Fair Market Rate” (Tables 4 and 5).

Although HUD considers inflation in their annual fair market rate calculations, rents have increase faster than they calculated. HUD calculates the fair market rate at the 40th percentile of gross rents for typical, non-substandard rental units occupied by recent movers in a local housing market. (For details on how HUD calculates fair market rates, visit: <https://www.huduser.gov/periodicals/USHMC/winter98/summary-2.html>.)

TABLE 4. 2018 Thurston County Fair Market Rates (FMR) as defined by HUD

Year FMR	Efficiency (Studio)	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
2018	\$852	\$904	\$1,120	\$1,629	\$1,973
2017	\$784	\$866	\$1,071	\$1,559	\$1,887
% Increase	8.67%	4.39%	4.58%	4.49%	4.56%

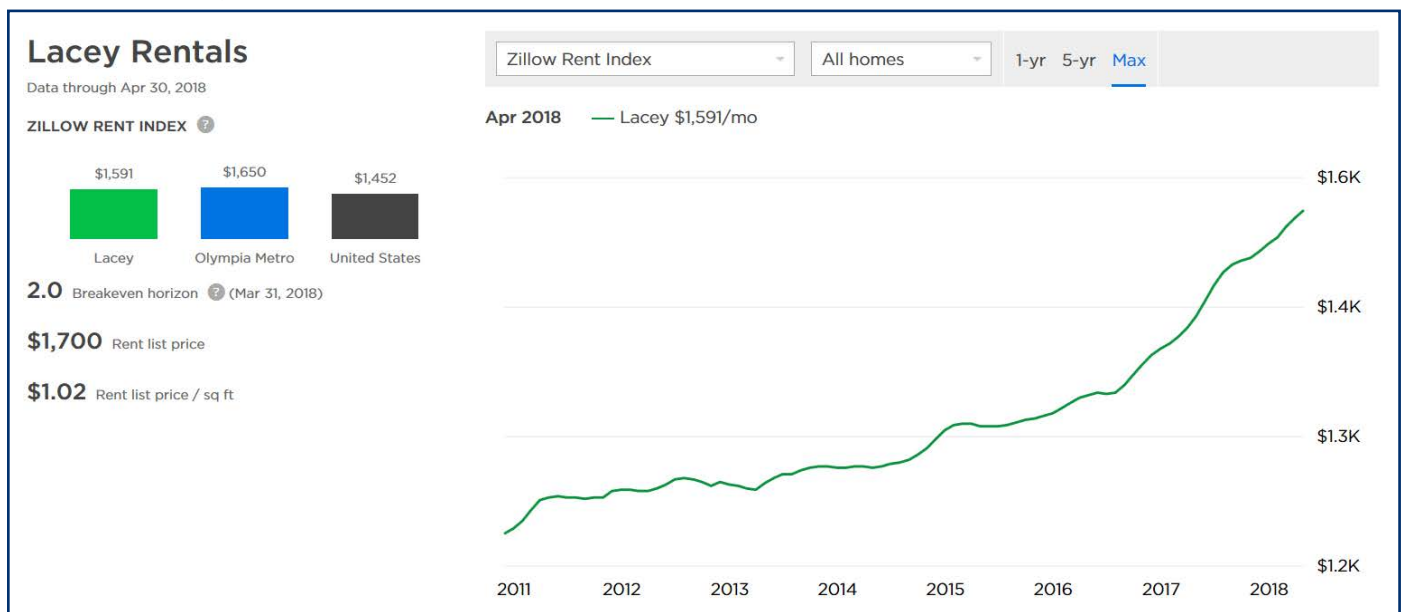
Source: www.huduser.gov

TABLE 5. City of Lacey Average Rental prices (actual) 2017-2018

Type of Unit	Rental Price	Income Needed
One-Bedroom	\$1,000	\$40,000 - single renter
Two-Bedroom	\$1,475	\$29,000 - shared by 2 people \$58,000 - single renter

*The income figure is based on 30% of gross monthly income used to cover housing cost.

FIGURE 2. Lacey Rent Index Zillow



1. LACEY HOUSING MARKET

Cost-Burdened Renters

According to the Washington State Department of Commerce's 2015 Washington State Housing Needs Assessment prepared for Thurston County, more than 14,000 households are cost-burdened or severely cost burdened (spending between 30% and 50% of their monthly income on rent). Thurston County has about 19,270 low-income renter households and about 3,838 subsidized housing units in 70 sites. A majority of these units are located in Olympia.

(<http://www.commerce.wa.gov/wp-content/uploads/2016/10/AHAB-needs-urban-Oly-Lacey.pdf>)

Market-Rate Homes

Home buyers, especially first time buyers, struggle to enter the market because of how quickly prices have increased. A healthy market has about six months worth of housing inventory. However, according to Don Manzer of Virgil Adams Real Estate, Inc., Thurston County has only 1.3 months of inventory for homes priced under \$450,000.

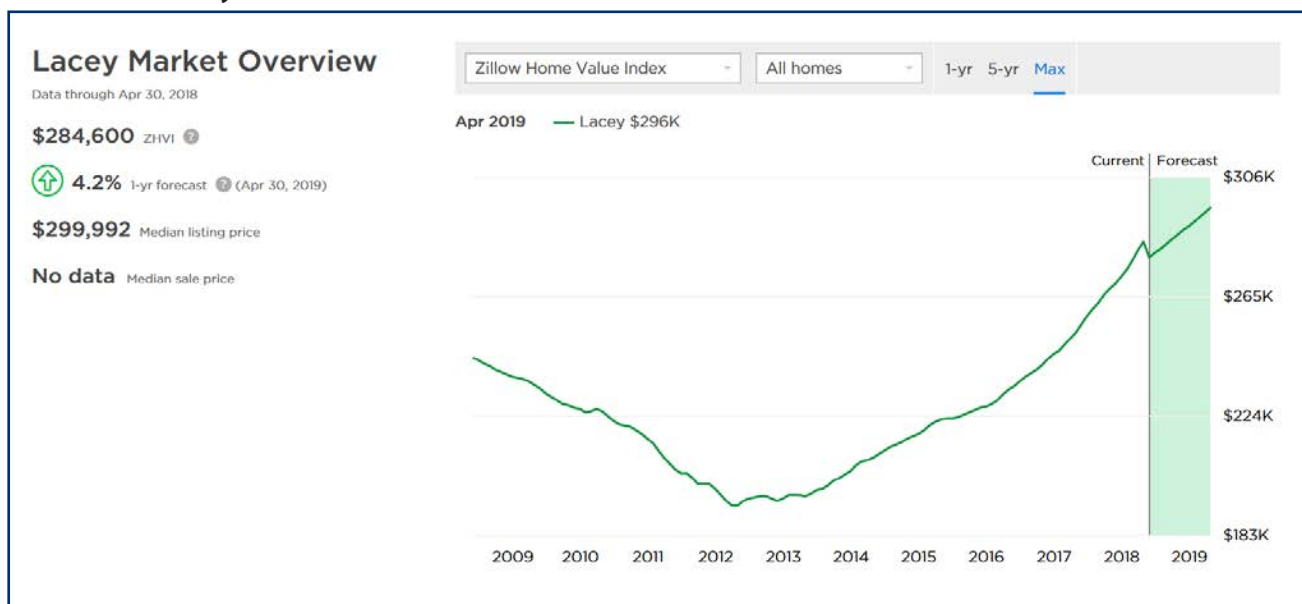
Thurston County has only 1.3 months of inventory for homes priced under \$450,000.

According to the *The Olympian* article "Brace yourself: Thurston County homes are selling faster than last year," many homes are taking an average of 9 days to sell, compared to 15 days in 2017. During the last market peak in 2006, houses were on the market for an average of 43 days.

Boone, Rolf. "Brace yourself: Thurston County homes are selling faster than last year." *The Olympian*, May 3, 2018. Retrieved from <http://www.theolympian.com/article210623004.html>



FIGURE 3. Lacey Market Overview Zillow



Lacey’s Housing Inventory

It is important to have a clear picture of Lacey’s available housing stock to understand current and future housing needs. According to data from Thurston Regional Planning Council (TRPC), in 2017, Lacey had an estimated 21,030 housing units, with an additional 13,880 units within the unincorporated Urban Growth Area (UGA), for a total of 34,910 units within the entire Lacey UGA. The vast majority of housing units in the City and UGA, a total of 67 percent, are single-family detached homes. Another 9,160 units, or 26 percent of the total, are multi-family units, and the remaining 2,290 are manufactured homes, accounting for 6.5 percent of housing units.

Based on population estimates for Thurston County and the Buildable Lands Report, TRPC developed a forecast for housing for the UGA. This study forecasts housing development and allocation over five-year increments. Table 6 shows the forecasted number of dwelling units needed to accommodate the projected population for the City and UGA to the year 2035. With 33,060 residential units located within Lacey’s UGA in 2015, it is anticipated that an additional 12,220 new units will be needed during the upcoming twenty-year planning period. It is projected that over 60 percent of the dwelling units constructed over the planning period will be located in the unincorporated portions of the UGA.

TABLE 6. Projected Number of Dwelling Units for Lacey and UGA
(2016 Lacey Comprehensive Plan)

	2020	2025	2030	2035
Lacey	21,480	22,290	23,000	23,470
UGA	15,540	17,660	19,910	22,090
Total	37,020	39,950	42,910	45,560



Thurston County Housing: The Problem

- Recent population growth equates to the need for over 2,000 new housing units per year.
- Over the last six years, we’ve been short by an average of 600 units per year countywide.
- Household size is getting smaller, requiring more units than before.
- This shortage has led to vacancy rates below 3% for several years (many vacant units aren’t rent ready, further shrinking supply).

(Thurston Thrives, Housing Action Team, Incentivized Housing - Regional Housing Summit II)

Housing Development Trends: Permits Issued

Until recently, the majority of new housing permits issued were for single family homes. In 2016 the City saw an uptick in multi-family housing and that trend is continuing. Multi-family housing helps provide one and two-bedroom rental units that are in high-demand. (Figures 4 & 5).

FIGURE 4. Multi-Family Housing Units City of Lacey

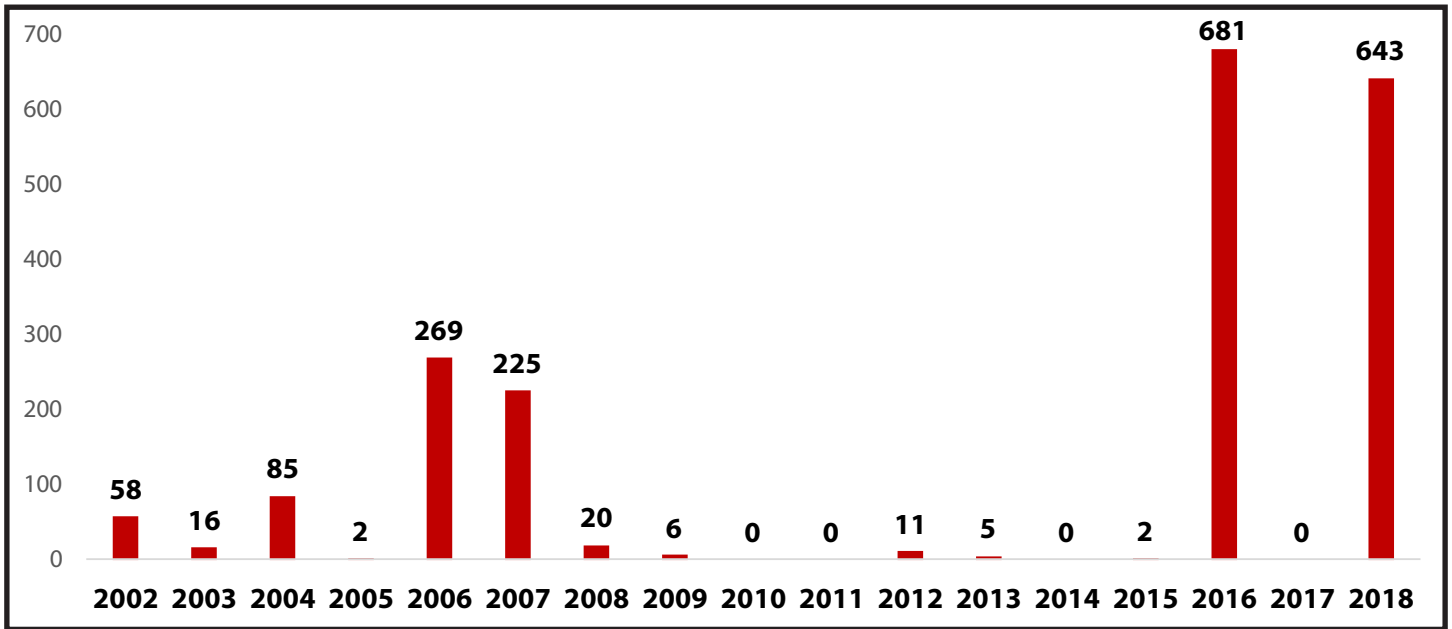
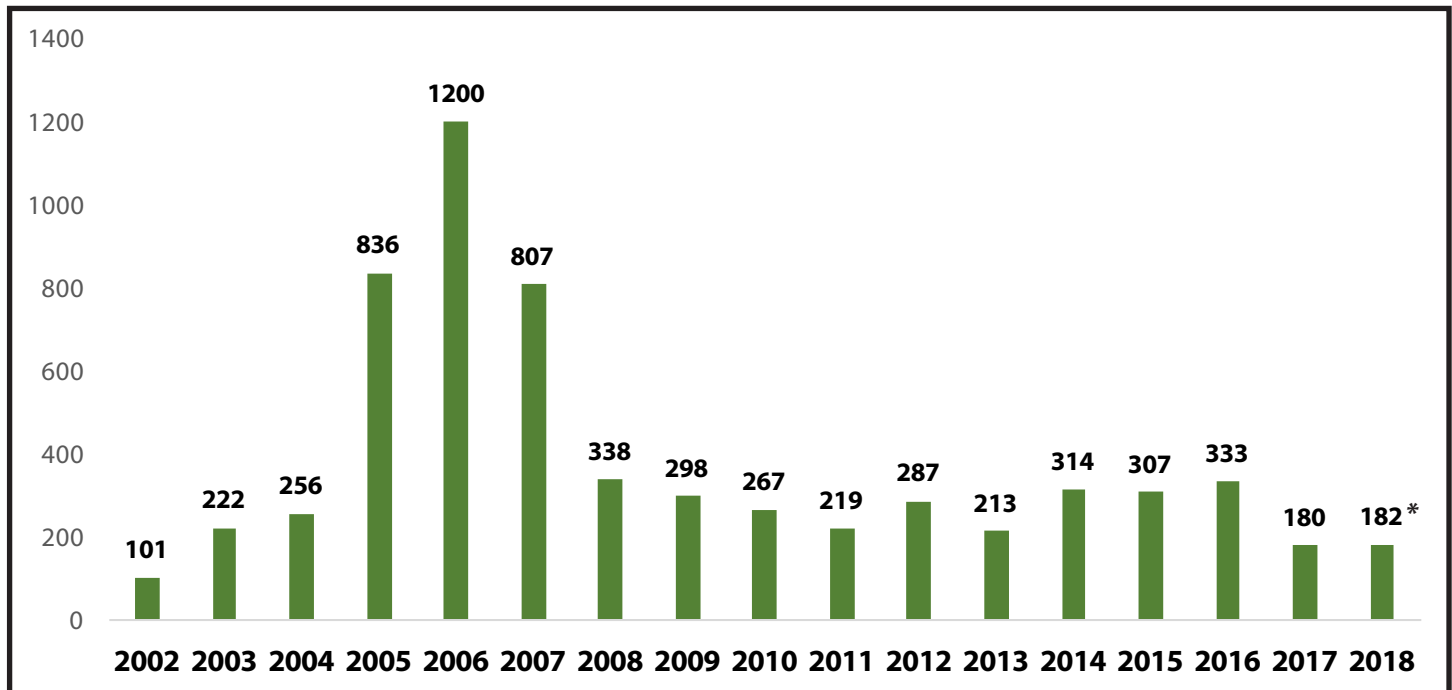
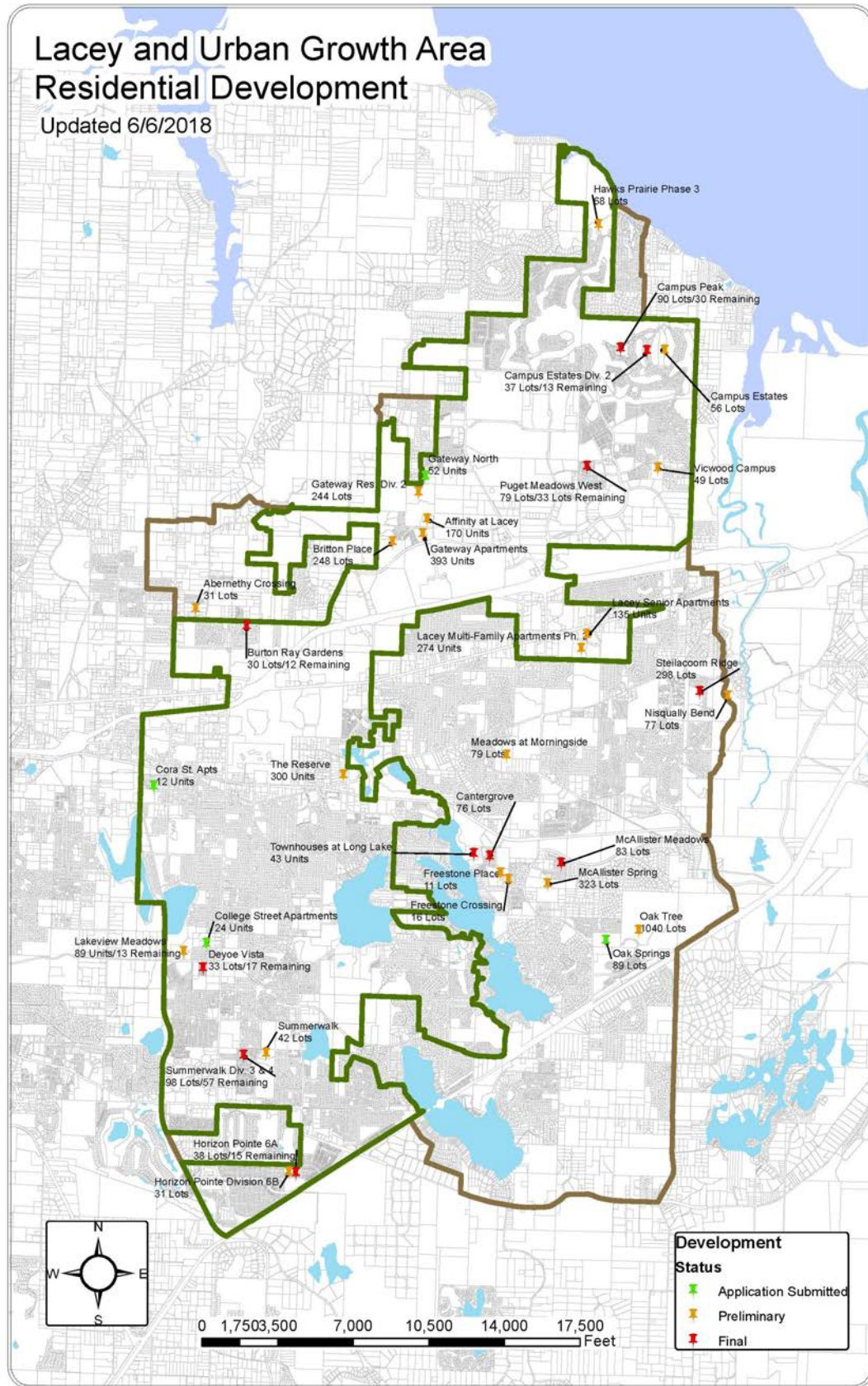


FIGURE 5. Single-Family Homes City of Lacey



*2018 Numbers do not include permits issued by Thurston County in recently annexed new development

Number of Lots in Development Pipeline



Development Pipeline

More multi-family housing has been developed in Lacey the last year and more will be available in Lacey in the next few years.

Applications Submitted: **190**

Preliminary Plat Approved: **3,570**

Final Plat Approved: **677**

Total* in Pipeline: **4,437**

*City and Urban Growth Area

About 20% are Rental Units, not Single-Family Home Lots.

Despite Lacey's new housing growth, demand is still outpacing supply.

Income Equation

The income equation is on the other side of the housing affordability issue.

Housing is neither affordable nor unaffordable without the context of wages available to rent or buy them.

Chapter 2. INCOME & LACEY EMPLOYMENT MARKET

Incomes

Although low income people are working hard, they still don't earn enough to rent even a modest one bedroom apartment. The average full-time, 40-hour-a-week worker making minimum wage would need to earn more than \$20 an hour to afford a modest one-bedroom apartment by today's standards. This chapter looks at real life jobs in Thurston County, how much they earn, and how much apartment or house they can afford at that income. The assumptions for Tables 7-13 are described in Appendix B.

The following wage information is based on best available data with professional judgment applied at the local level. There is no data available from the U.S. Government's Bureau of Labor Statistics at the city level, only the county level. There is a timing difference between the most recent available data for local housing costs (summer of 2017, with adjustment to recognize local appreciation since then) and local wage rates (2015-2016). An estimate could be made based on the average increases in wage rates in the intervening years; however, those averages would be based on national data rather than changes in Thurston County.



Therefore, because the numbers presented here may understate current income, the numbers for housing affordability may be somewhat pessimistic. Another assumption that is difficult to quantify is how many 2-person households earn the same amount of money. The assumption is that they earn about the same for the following calculations of affordability of 2-person households.

Real People Example: Retail Clerk

The job title “retail clerk” is the single most prevalent job title in Thurston County, with 3,640 out of 109,400 jobs (3.3%). Retail clerk positions share similar job duties and pay with a number of other comparable job titles. The average retail clerk in Thurston County earns \$24,620 per year. A retail clerk is one of the 42 out of 314 job titles (13%), and one of 20,280 jobs out of 109,400 (19%) that cannot afford housing on their own. The average retail clerk earns 83 percent of the necessary income to afford to share the average two-bedroom apartment with another person in the same job title earning the same income. Though certainly vulnerable to rent increases, they may be able to find a rental to share for less than average rent.

It should be noted that, since the time these wage rates were gathered, Wal-Mart Stores has announced that they are raising their wage rates. With two supercenters, and one neighborhood grocery store, Wal-Mart is a major employer of these sorts of positions in Thurston County, so this may take some of the financial pressure off people in this job classification.

The average retail clerk earns 83% of the necessary income to afford to share the average two-bedroom apartment with another person in the same job title earning the same income.



Thurston County Retail Clerks

Average Annual Income: **\$24,620**

Percent of Thurston County Job Market: **3.3%**

TABLE 7. Housing Affordability for Retail Clerks in Thurston County

(based on average annual income of \$24,620; \$11.84/hr)

	Existing Home Buyer	1st Time Home Buyer	One-Bedroom Rent	Two-Bedroom Rent (shared)
Alone - percent of housing cost they can afford	34%	34%	62%	N/A
Alone - maximum housing amount they can afford	\$80,000	\$68,000	\$615/mo.	N/A
2 Earners - percent of housing cost they can afford	62%	62%	123%	83%
2 Earners - maximum housing amount they can afford	\$175,500	\$148,000	\$1,231/mo.	\$1,231/mo.

*Thurston County
Office Clerks*

Average Annual Income:
\$33,170

Percent of Thurston
County Job Market:
2.7%

Real People Example: Office Clerk



There are 2,950 positions with the title office clerk in Thurston County, representing 2.7 percent of the 109,400 jobs listed by title. Office clerk is at the lower end of the pay scale of a whole family of office jobs. It is included in this study due to the large number of employees in this family of jobs, which

with increasing skill levels and experience, offers a career path. An office clerk earning the average wage for the position in Thurston County earns 112 percent of the necessary income to share a two-bedroom apartment with another person in the same job category and wage rate. With another earner in the household may be able to purchase a home.

An office clerk earning the average wage for the position in Thurston County earns 112% of the necessary income to share a two-bedroom apartment with someone in the same job category and wage rate.

TABLE 8. Housing Affordability for Office Clerks in Thurston County
(based on average annual income of \$33,170; \$15.95/hr)

	Existing Home Buyer	1st Time Home Buyer	One-Bedroom Rent	Two-Bedroom Rent (shared)
Alone - percent of housing cost they can afford	43%	43%	83%	N/A
Alone - maximum housing amount they can afford	\$120,500	\$105,000	\$829/mo.	N/A
2 Earners - percent of housing cost they can afford	85%	91%	166%	112%
2 Earners - maximum housing amount they can afford	\$245,000	\$225,000	\$1,659/mo.	\$1,659/mo.

Real People Example: Laborer, Freight, Stock, & Materials Mover (Hand)



Lacey, and all of Thurston County, is home to a large number of warehouse and distribution facilities. This continues to grow, particularly in northeast Lacey, with more than 2.5 million square feet either just coming on board, or in development. As with retail and office clerks, there are an array of positions in this field. The most prevalent single job title is

laborer, freight, stock, and materials mover (hand). This is also at the bottom tier of these positions with a career path. While a person earning the average income in this job title would not be able to afford to purchase the average home, or rent the average apartment on his/her own, the worker would have 108 percent of the necessary income to share a two-bedroom rental with another person in the same job with the same income.

As with retail and office clerks, there are an array of positions in this field.

Thurston County Laborer, Freight, Stock, & Materials Movers (Hand)

Average Annual Income:
\$31,940

Percent of Thurston
County Job Market:
1.43%

TABLE 9. Housing Affordability for Laborer, Freight, Stock, & Material Movers in Thurston County
(based on average annual income of \$31,940; \$15.36/hr)

	Existing Home Buyer	1st Time Home Buyer	One-Bedroom Rent	Two-Bedroom Rent (shared)
Alone - percent of housing cost they can afford	38%	41%	80%	N/A
Alone - maximum housing amount they can afford	\$110,000	\$100,000	\$799/mo.	N/A
2 Earners - percent of housing cost they can afford	83%	89%	160%	108%
2 Earners - maximum housing amount they can afford	\$240,000	\$222,000	\$1,597/mo.	\$1,597/mo.

*Thurston County
Teachers*

Average Annual Income:
\$65,700

Percent of Thurston
County Job Market:
1.1%

Real People Example: Teacher

As with the other positions, the job title of teacher falls into several categories. For these numbers, we are using the average of both middle-school teachers, and elementary-school teachers. There are a variety of specialized, special-education teachers as well as specialties, such as math and science, that earn more.

Combined, middle- and elementary-school teachers account for 1,140 of the 109,400 jobs listed individually in Thurston County (1.1%). Teachers earning an average of \$65,700 may have sufficient earnings to purchase a lower-priced home on their own, or rent on their own (164% of needed income), or rent with another person with similar earnings (223% of needed income). With another earner of similar income, they have sufficient income to afford to purchase a home costing well above the median price.

TABLE 10. Housing Affordability for Teachers in Thurston County
(based on average annual income of \$65,700; \$31.59/hr)

	Existing Home Buyer	1st Time Home Buyer	One-Bedroom Rent	Two-Bedroom Rent (shared)
Alone - percent of housing cost they can afford	83%	91%	164%	N/A
Alone - maximum housing amount they can afford	\$255,000	\$225,000	\$1,643/mo.	N/A
2 Earners - percent of housing cost they can afford	173%	173%	329%	223%
2 Earners - maximum housing amount they can afford	>\$500,000	>\$425,000	\$3,286/mo.	\$3,286/mo.

Teachers earning an average of \$65,700 may have sufficient earnings to purchase a lower-priced home on their own, or rent on their own, or rent with another person with similar earnings.



Real People Example: Registered Nurse

As with the other positions, the job title of nurse falls into several categories. For these numbers, we are using the average of registered nurses. There are a variety of specialized nurses and those who earn more with certifications, night shifts, and years of experience.

Nurses account for 1,740 of the 109,400 jobs listed individually in Thurston County (1.6%). Registered Nurses earning an average of \$70,820 per year may have sufficient earnings to purchase a lower-priced home on their own, and certainly rent on their own (177% of needed income). With another earner of similar income, they have sufficient income to afford to purchase a home costing well above the median price.

Registered Nurses earning an average of \$70,820 per year may have sufficient earnings to purchase a lower-priced home on their own.

Thurston County Nurse

Average Annual Income: **\$70,820**

Percent of Thurston County Job Market: **1.6%**



TABLE 11. Housing Affordability for Registered Nurses in Thurston County

(based on average annual income of \$70,820; \$34.05/hr)

	Existing Home Buyer	1st Time Home Buyer	One-Bedroom Rent	Two-Bedroom Rent (shared)
Alone - percent of housing cost they can afford	97%	98%	177%	N/A
Alone - maximum housing amount they can afford	\$280,000	\$241,000	\$1,770/mo.	N/A
2 Earners - percent of housing cost they can afford	197%	199%	354%	240%
2 Earners - maximum housing amount they can afford	\$570,000	\$490,000	\$3,541/mo.	\$3,541/mo.

Real People Example: Military - Corporal & Captain

Located just minutes from Joint Base Lewis-McChord (JBLM), the largest military installation in the western U.S., Lacey has long recognized the value JBLM brings to the region. Many soldiers and military families call Lacey their home. Being the second-largest employer in the State of Washington, JBLM provides economic benefits to the South Puget Sound region. In return, Lacey and other surrounding communities enhance the quality of life for military personnel and families by building quality neighborhoods, infrastructure, schools, recreation opportunities, and services.



The Basic Allowance for Housing (BAH), based on geographic duty location, pay grade, and dependency status, is intended to provide uniformed service members housing compensation based on local market housing costs. The 2018 Lacey-area BAH ranged from \$1,374 to \$2,410 a month, which would allow a service member to choose from most of the available housing in the area.

TABLE 12. Housing Affordability for Military - Corporal E-4 in Thurston County

(based on average annual income of \$54,366; which includes \$1,734 housing allowance per month)

	Existing Home Buyer	1st Time Home Buyer	One-Bedroom Rent	Two-Bedroom Rent(shared)
Alone - percent of housing cost they can afford	114%	115%	177%	N/A
Alone - maximum housing amount they can afford	\$349,000	\$315,000	\$1,774 /mo.	N/A
2 Earners - percent of housing cost they can afford	>175%	>175%	355%	241%
2 Earners - maximum housing amount they can afford	>\$500,000	>\$425,000	\$3,548/mo.	\$3,548/mo.

TABLE 13. Housing Affordability for Military - Captain in Thurston County

(based on average annual income of \$97,260; which includes \$2,112 housing allowance per month)

	Existing Home Buyer	1st Time Home Buyer	One-Bedroom Rent	Two-Bedroom Rent (shared)
Alone - percent of housing cost they can afford	138%	140%	211%	N/A
Alone - maximum housing amount they can afford	\$400,000	\$350,000	\$2,112/mo.	N/A
2 Earners - percent of housing cost they can afford	>200%	>200%	422%	286%
2 Earners - maximum housing amount they can afford	>\$600,000	>\$500,000	\$4,224/mo.	\$4,224 /mo.

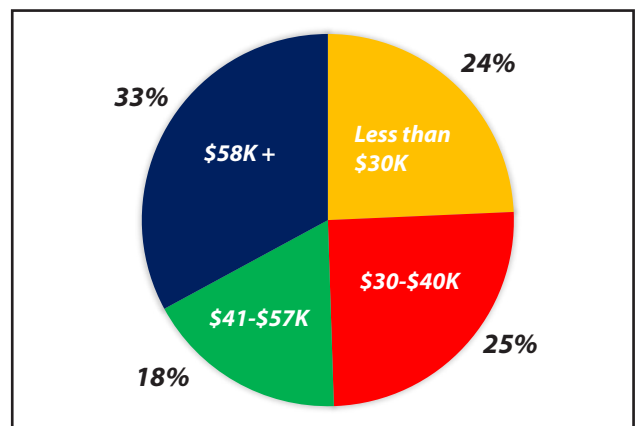
Single-Parent Household with Child(ren)

While the information presented in the income section indicates that teachers, military personnel, and nurses, have sufficient income on their own to afford housing, the other positions profiled, and a number of other lower-paying positions, do not provide enough income to afford housing that would accommodate a single-parent household with no other income earner. Currently, Lacey has approximately 2,207 single-parent households with a child or children: approximately 17.4 percent of households. There is no data available that correlate how many of these single-parent households are employed in the approximately 65,000 positions that pay less than the \$59,000 needed to afford at least a two-bedroom apartment with only one income. There is no data available to address the cost of child care versus any child support, or transfer payments that might help offset these additional housing costs.

Approximately half of single household earners cannot afford a one-bedroom apartment. About two-thirds cannot afford a two-bedroom alone.

Approximately half of single household earners cannot afford a one-bedroom apartment. About two-thirds cannot afford a two-bedroom alone.

FIGURE 6. Percent of Jobs in Thurston County within Different Salary Ranges



Renting versus Home Ownership

Many people choose to rent rather than buy. For some, they prefer the flexibility to move without the need to sell a home, a preference for lack of financial responsibilities for maintenance and repairs, or a lack of certainty about where they want to live. For many, they choose to rent out of financial necessity. The cost, or perceived cost, of home ownership is a barrier.

Down payment assistance programs are available for people who wish to own a home, but are unable to save the traditional 10 to 20 percent down payment. There are also government guaranteed programs, such as FHA, that can help first-time buyers get in with as little as five percent or less down. The Veterans Administration offers up to 100 percent financing for qualified veterans. Buyers may be saddled with debt, perhaps student debt, or have credit issues. There are programs to help potential home buyers work through these issues as well. Prices for housing has out-paced income for a number of years now (Table 14).

TABLE 14. Housing Prices to Income Comparison, Thurston County 2000-2016

	2000	2016	% Increase
Housing Price	\$160,606	\$283,272	76%
Income	\$48,457	\$63,286	31%
% House/Income	331%	448%	35%



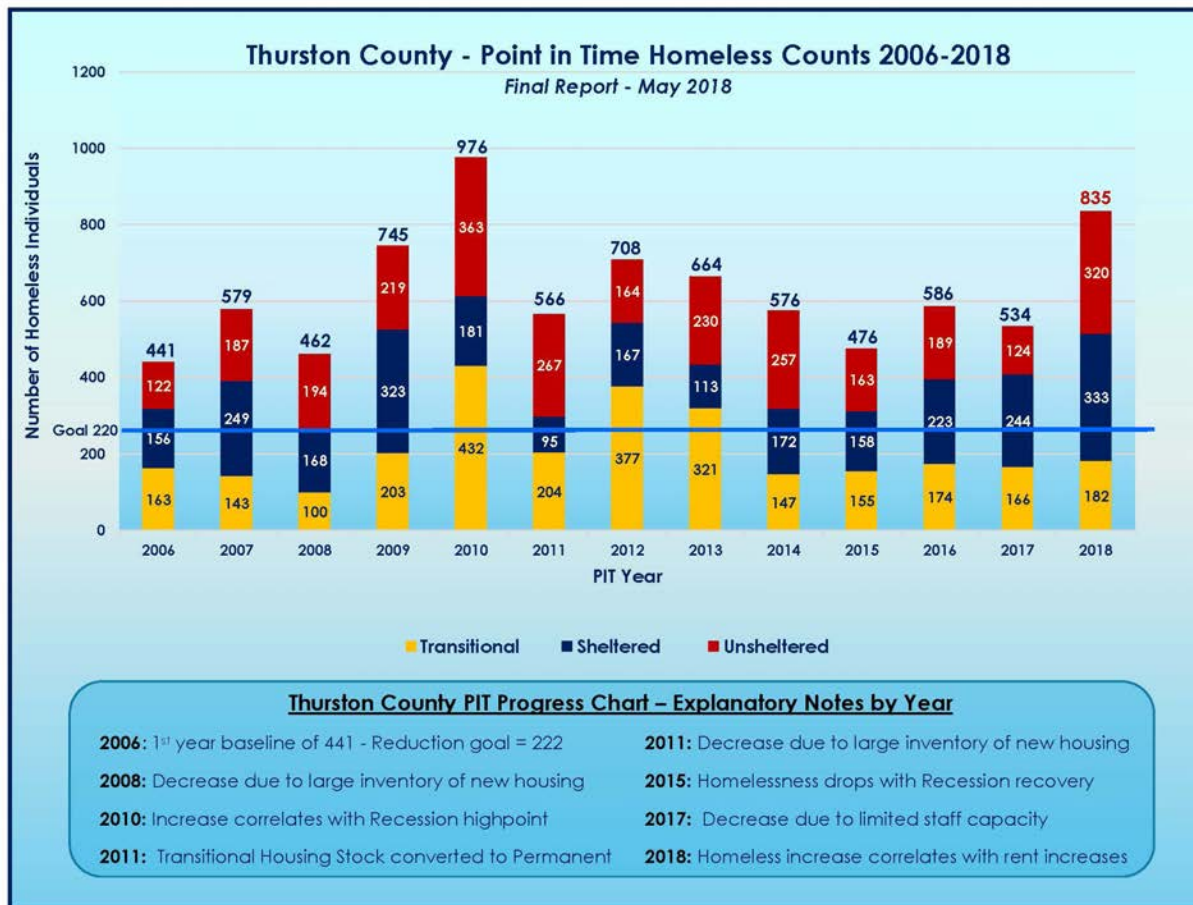
Chapter 3. RESIDENTS WITHOUT PERMANENT HOUSING

Knowing exactly how many residents are without housing is difficult, and understanding the reasons why is even more complicated. Thurston County contracts with the City of Olympia to conduct an annual Thurston County Point in Time (PIT) Homeless Census. The census, conducted since 2006, informs the community about who is homeless and why.

From the most recent PIT Report: *The 2018 homeless census total of 835 represents an 89 percent increase, or 394 more people than identified in the 2006 census of 441 people. However, this year’s results indicate a significant, 15 percent, drop in homelessness from the 2010 all-time high of 976. In spite of this increases, there have been significant accomplishments in strengthening the network of housing, shelter, and homeless services.*

The 835 homeless individuals found in 2018, represents a 56 percent increase or 301 more people since 2017 (Figure 4). This also shows a 89 percent increase from the 2006 baseline of 441 homeless people. The numbers follow the broad economic trends of the past decade: an increase during the recession, a drop during the recovery and most recently, a rise that appears to correlate with sharp rent increases in Thurston County, mirroring West Coast trends (2017 Thurston County Assessment of Fair Housing Report).

FIGURE 7. Thurston County Point in Time Homeless Counts 2006-2018



The Village Story* The connection between homelessness & affordable housing.

Once upon a time, there was a small village on the edge of a river. Life in the village was busy. There were people growing food and people teaching the children to make blankets and people making meals.

One day a villager took a break from harvesting food and noticed a baby floating down the river toward the village. She couldn't believe her eyes! She heard crying in the distance and looked downstream to see that two babies had already floated by the village. She looked around at the villagers working nearby. "Does anyone else see the baby?" she asked.

One villager heard the woman, but continued working. "Yes!" yelled a man who had been making soup.

"Oh, this is terrible!" A woman who had been building a campfire shouted, "Look, there are even more upstream!" Indeed, there were three more babies coming around the bend.

"How long have these babies been floating by?" asked another villager. No one knew for sure, but some people thought they might have seen something in the river earlier. They were busy at the time and did not have time to investigate.

They quickly organized themselves to rescue the babies. Resources were used to build watchtowers on both sides of the shore and swimmers were coordinated to maintain shifts of rescue teams that maintained 24-hour surveillance of the river. Ziplines with baskets attached were stretched across the river to get even more babies to safety quickly.

The number of babies floating down the river only seemed to increase. The villagers built orphanages and they taught even more children to make blankets and they increased the amount of food they grew to keep the babies housed, warm, and fed. Life in the village carried on.

Then, one day at a meeting of the Village Council, a villager asked, "But where are all these babies coming from?"

"No one knows," said another villager. "But, I say we organize a team to go upstream and find how these babies are ending up in the river."

Not everyone was in agreement. "But, we need people to help us pull the babies out of the river," said one villager. "That's right!" said another. "And who will be here to cook for them and look after them if a bunch of people go upstream?"

The Council chose to let the village decide.

***If you were a villager, what would your vote be?
Do you send a team upstream?***

Causes of Homelessness

Affordable housing and homelessness go hand in hand. When people outnumber housing, prices go up and those with the fewest resources tend to be the ones displaced. According to the U.S. Conference of Mayors, the top causes of homelessness among families were, in order:

- 1) lack of affordable housing
- 2) unemployment
- 3) poverty
- 4) low wages

The same report found the top five causes of homelessness among single individuals were:

- 1) lack of affordable housing
- 2) unemployment
- 3) poverty
- 4) mental illness and lack of needed services
- 5) substance abuse and lack of needed services.

For women in particular, the number one cause of homelessness is domestic violence.

(U.S. States Conference of Mayors, Hunger and Homelessness Survey Dec. 2014)

If the City is to help solve the homelessness crisis we can work to create more, affordable housing options and facilitate access to support services.

*From the Community Investment Partnership meeting, November 2016.

Key organizations serving Thurston County, providing emergency shelter, transitional housing, and low-income permanent housing*

- Catholic Community Services
- Community Youth Services
- Family Support Center
- Habitat for Humanity
- Homes First
- Housing Authority of Thurston County
- Interfaith Works
- Olympia Union Gospel Mission
- Panza
- SafePlace
- Salvation Army

The following organizations provide rental subsidies and/or support services:

- Senior Services for South Sound
- Community Action Council of Lewis, Mason, and Thurston Counties

*Not an exhaustive list.

Homeless Census

From the 2018 PIT Report: *New this year, City of Olympia conducted two additional efforts to better understand homelessness in the urban hub. Together, these two counts found 763 unsheltered people in the urban hub, far more than the 320 unsheltered people found in the formal PIT Homeless Count. Please note: In an effort to broaden the count to include people who typically refuse to give their names (Please see "Methodology Chapter 9 in PIT Report), the Olympia Counts did not collect names or any additional information. Because of this difference in methodology, these numbers could not be certified as part of the formal PIT Count which is based on the State's PIT Census survey in which names must be collected. Without names, it is not possible to prevent double counting.*

Pre-Dawn Doorway Count *The first Urban Hub Count was the Downtown Pre-Dawn Doorway Count, conducted four times over a six-month period. At 5 am, Census Workers conducted a rapid visual scan of an area roughly nine (9) by eight (8) blocks in the urban hub. On the morning of January 25, 2018, this revealed 135 people camping in the alcoves.*

Camp Census with Homeless Guides *The second methodology involved sending out teams with homeless guides to go into homeless camps throughout the urban hub of Olympia and the nearby parts of Lacey and Tumwater. These teams found a total 628 people living in camps.*

Our region is fortunate to have numerous social service organizations that provide emergency shelter, transitional housing, and low-income permanent housing (see side bar). These organizations already do so much for the region to provide services, yet the demand for their services consistently outstrips the resources they have.



Homeless Students

From the 2018 PIT Report: *Homeless student data from OSPI does not directly correlate with PIT Census data, yet still provides a composite view of homelessness. Together, they mirror a general trend of homelessness in Thurston County rising to an all-time high in 2010 and since then drop until 2014, when the numbers shot up 41 percent. This year, the number is the second highest since beginning this methodology.*

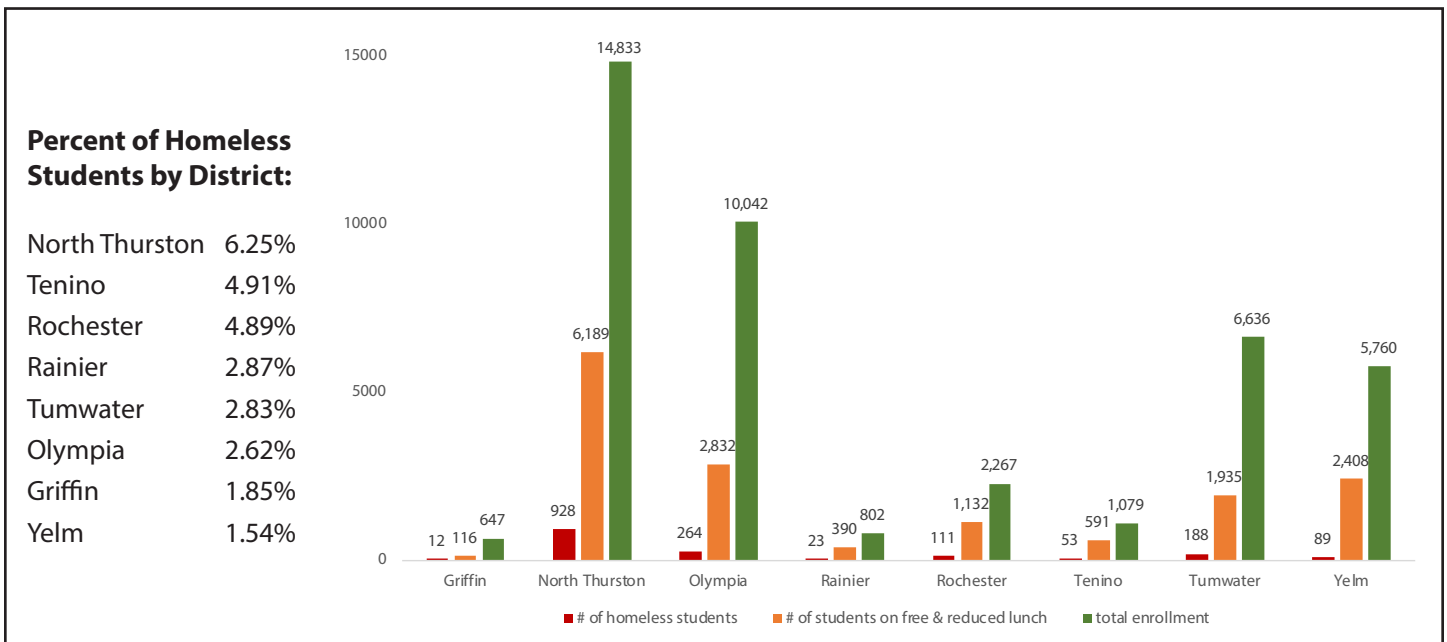
Homeless School Children and the McKinney Act

All Washington state publicly funded schools are required to count homeless students, kindergarten through 12th grade. The federal McKinney-Vento Act declares that homeless school children are also entitled to the protections listed under the section entitled, "Education for Homeless Children and Youths." The Act defines homeless children as "individuals who lack a fixed, regular, and adequate nighttime residence." The act goes on to give examples of children who would fall under this definition:

- Shared Housing families sharing housing due to economic hardship or loss of housing;
- Motels, hotels, trailer parks, or camp grounds due to lack of alternative accommodations;
- Emergency or transitional shelters;
- Awaiting foster care placement;
- Not an intended sleeping area, for example: Cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations . . ."

Thurston County school districts range in size from the small rural Griffin school district with 647 students to the large North Thurston School District with 14,833 students. However, raw numbers sometimes have less impact on the percentage that certain demographics have on the entire district. While the Rochester School District is one of the smaller districts with only 2,267 or 5.4% of the County's students, nearly 50% of their student body is on free and reduced lunch. Following is some comparative data on the eight different school districts, comparing the total number of students with the number of students who are on free and reduced lunch and those whose families are homeless.

FIGURE 8. Thurston County Students Homeless & Free Lunch by District 2016-2017



Lacey’s Homeless Support Services

Lacey’s homeless support services focus on families, students, and Veterans.

Lacey Veterans Services Hub

Thurston County is home to nearly 32,000 Veterans including about 6,000 in Lacey. Many of these former military members face difficulties such as poverty, service-related disabilities, and mental health challenges. In response to these challenges, the City of Lacey developed the Lacey Veterans Services Hub, which provides Veterans access to over 50 service providers. In 2018 alone, the Hub provided over 6,500 client appointments including 1,091 for affordable housing and homeless aid. The City has provided \$315,000 to support the program.



Community Development Block Grants

Since the 1990s, the City of Lacey has distributed over \$6.6 million to a variety of local organizations that provide services to low-income and homeless individuals and families. These projects include purchasing affordable housing, repairing low-income housing, providing staffing for local service providers, and more. Table 15 outlines the 2017 grant allocations. The City of Lacey receives an allocation on a rotating basis with the City of Tumwater and Thurston County. The City will receive additional funds in 2020 for distribution and will be able to issue a request for proposals to determine how funds will be distributed.

TABLE 15. 2017 Community Development Block Grant Allocations

Organization	Project	Grant Amount
Evergreen Treatment Services	South Sound Clinic Expansion - Clinic offers treatment for opioid use and mental health support	\$250,000
Housing Authority of Thurston County	Affordable Housing on Golf Club Road and 14th Avenue	\$75,000
Community Youth Services	Transitional housing rehabilitation	\$70,500
Community Action Council	New facilities for Monarch Children’s Justice & Advocacy Center	\$187,514
Thurston County Food Bank	Lacey Food Bank	\$200,000
Sidewalk	Veteran Housing Coordinator	\$50,000
Boys and Girls Club	Homeless Youth Assistance	\$33,986

Lacey's Homeless Support Services - cont'd

Lacey Food Bank

Families' access to food is limited if they are paying too much for housing costs. The Thurston County Food Bank (TCFB) has experienced a steady increase in client growth over the last several years. The most recent numbers show that over 11,000 Lacey and Lacey-area residents use TCFB services. Lacey has six satellite food banks operating through collaborative partnerships. However, due to the demand, Lacey needs a permanent, full-service food bank. The TCFB's new location on Martin Way will serve 1,200 children from low-income families who live within three miles of the new site. The final build will include a therapy garden for Veterans facilitated by GRUB, a farm stand providing access to fresh produce, and a 10,000 square foot food bank. The City of Lacey provided \$200,000 in Community Development Block Grants and assisted in securing an additional \$750,000 in State funding for the new Lacey site.

Habitat for Humanity

In 2005, the City of Lacey passed an ordinance creating a policy to waive building, plumbing, electrical, and mechanical permit fees, and, water meter, water construction, traffic mitigation, and plan check fees for the Habitat for Humanity. This waiver allowed Habitat to begin construction of the Deyoe Vista neighborhood – a 33-home, affordable-housing development. This lowers the cash barriers to home purchasing. The project is well underway and the neighborhood is expected to be complete in 2020.

Playground Pals

Since 1994, the City has partnered with North Thurston Public Schools to provide a free, summer-lunch program for low-income children, ages 2 to 12 years old. Lacey Parks & Recreation staff provide playground supervision, structured play, and organized activities including arts & crafts, games, fitness, water activities, and even a summer reading program. In 2018, the program provided 10,000 lunches to local children.



Local Faith Leaders

The City of Lacey convened a Faith Leaders Forum to bring together Lacey-area faith leaders to discuss opportunities to work together to better the Lacey community. A smaller steering committee meets on an on-going basis to continue discussing strategies to address homelessness.

Spotlight: Community Action Council of Lewis, Mason, & Thurston Counties

The Community Action Council of Lewis, Mason, and Thurston Counties (CACCLMT), a non-profit organization, provides assistance with housing, health, and hunger. In 2017, CACCLMT offered support for more than 8,880 families living in our communities, helping more than 22,000 individuals move toward self-sufficiency. The CACCLMT provides an array of services for housing including: energy assistance, weatherization, basic essential needs, affordable housing, and utility assistance.

Community Vision

Lacey includes a broad choice of housing types at a range of prices, including affordable homes in diverse, safe settings that maintain a high quality of life.

Chapter 4. LOOKING AHEAD

2016 Comprehensive Plan Economic Forecasts

Lacey’s 2016 Comprehensive Plan describes forecasted job growth and anticipated housing needs:

Economic forecasts for the Comprehensive Plan planning period (2016-2035) indicate an increase of 60,000 jobs in Thurston County with 13,700 jobs in Lacey alone. Job growth will add to the need of accommodating 27,490 additional people within our Urban Growth Area (UGA). The increased number of jobs will add workers who need housing for their families. It is projected that a total of 12,220 new homes will be needed in the UGA during the next twenty years. With the continued cost of housing increasing in the Central Puget Sound region, the number of people relocating to our area and commuting to jobs is also expected to increase housing needs.

Economic forecasts for the ... (2016-2035) planning period indicate an increase of 60,000 jobs in Thurston County with 13,700 jobs in Lacey alone.

It is projected that a total of 12,220 new homes will be needed in the UGA during the next twenty years.

Looking ahead, by 2035 it is estimated that the Lacey community will have a population of 107,720. Of that, 53,090 will be within the city limits, with the remainder - more than half - in the UGA. Demographically, Lacey, along with the rest of the nation, will grow a little older, and more ethnically diverse. Education attainment will likely

remain as a strength. Education achievement may actually improve as legislative actions in response to court cases, and voter initiatives to better fund public schools and reduce class sizes, are implemented. Given Lacey’s significant growth in both land area and population over the last twenty years, the continuing growth that the City will experience over the next twenty years will begin to be characterized by more redevelopment of existing, underutilized sites, and less new development of greenfield sites.



2016 Comprehensive Plan Economic Forecasts - cont'd

Nearly 40% of the new jobs forecast to be created in Lacey in the next twenty years are concentrated in three sectors that are often lower paying, and that offer few fringe benefits to employees. These include Personal and Repair Services, Food Service and Accommodations, and Retail Trade. Manufacturing jobs, which typically have the highest economic impact, are forecast to grow by only 90 positions by 2035. As a result, a focus of the Economic Development Element is on job recruitment for employers that provide living wages so Lacey residents can work in the community where they live.

... a focus of the Economic Development Element (of the Comprehensive Plan) is on job recruitment for employers that provide living wages so Lacey residents can work in the community where they live.



Household Size in Lacey

Most households in Lacey consist of 1-2 people which influences current and future housing needs. Thurston Regional Planning Council reports the following statistics about Lacey households:

- 63% - 1 or 2 people
- 20% - Married couple with children
- 17% - Single parent with children

Chapter 5. PROGRAMS SUPPORTING AFFORDABLE HOUSING

Current Programs

The City supports a variety of programs that help residents find and maintain an affordable place to live.

Although the City of Lacey does not directly develop housing, it endeavors to create an environment where development of new housing is enticing to the development community and protects residents' interests.

The City has the programs listed in Tables 16, 17, and 18 that encourage and promote affordable housing.



Current Programs - cont'd

TABLE 16. Existing Programs Summary: Assistance to Residents

	Income Level Served	Units Provided/ Households Served
Utility Discount – the City offers a 50% discount on water, sewer, and storm-water utility services for customers who qualify as low income and disabled or low income and over 62.	Low Income	In 2018, the City provided 283 utility customers with a discount, which make up a little over 1% of total utility customers.
No utility connection fee for Accessory Dwelling Units (ADU)	All Incomes	1-2 ADUs have been permitted per year on average.



Current Programs - cont'd

TABLE 17. Existing Programs Summary: Direct and Indirect Support to Public and Private Developers

	Income Level Served	Units Provided/Households Served
Reserve at Lacey – reuse of former Albertson’s to include apartments and retail in transportation-efficient location. Financed through HUD.	Moderate Income - Seniors	241 Units (Construction begins 2019)
HUB Apartments - infill site, new construction in Woodland District to provide units to students at St. Martins. Using Form Based Code and multi-family housing tax exemption.	Market-Rate Apartments targeted for Students	345 Units in 3 Buildings (First building 2019)
Community Development Block Grant (CBDG) supported: <ul style="list-style-type: none"> - Housing Authority of Thurston County with funds to demolish two housing sites in preparation for construction of two new triplexes. - Community Youth Services to help them rehabilitate transitional housing properties for youth. - Sidewalk public service program providing Veterans housing coordinator services 	Low Income	Housing Authority - 6 Units CYS - 3 Properties
Community Investment Partnership (CIP) supported: <ul style="list-style-type: none"> - Housing Authority of Thurston County in construction of two triplexes - Foundation for the Challenged to acquire and rehab a single-family home serving developmentally disabled adults - Homes First to acquire, rehab, and rent single family houses 	Very Low and Low Income	3-Bedroom House
Multi-Family Housing Property Tax Exemption for Woodland District - Provide limited, eight- or twelve-year exemptions from ad valorem property taxation for qualified new multi-family housing located in designated residential targeted areas. Participation in program is voluntary. Requires 20% set aside for affordable units for duration of exemption.	Market Rate and Incentives for Low-Income	None. Implemented in 2014.
Fee waivers for Habitat for Humanity and Boys and Girls Club Projects. The City Manager is authorized to waive fees for: water meters, construction water, building permit, mechanical permit, plumbing permit, electrical permit, plan checks, and transportation mitigation.	Low Income	Implemented in 2009

Current Programs - cont'd

TABLE 18. Existing Programs Summary: City Regulations & Incentives Encouraging Development of Affordable Housing

No maximum density requirements for High-Density Residential Zoning
Multifamily requirement - in High Density Residential Zoned areas all parcels over ten acres in size shall provide a mix of housing types with no less than fifty percent of the units designated for multifamily use
Flexible Accessory Dwelling Units Codes – provides clear design guidelines and flexible requirements and are allowed in all residential neighborhoods
Transfer of Development Rights Program – allows owners of property in the Long-term Agriculture zoning district (Sending Area) to gain credit for unused development rights that can be sold and transferred to another property in an urban area (Receiving Area). Lacey offers density bonuses on Receiving sites.
Reduced fees for affordable, single-family homes (under 1,500 sq. ft.) and manufactured homes.
Relatively fast and predictable permit review and processing times.
Parking requirements are defined in code, but flexible based on occupancy and types of units being built.
Lacey's has lower development fees than the surrounding communities.



Chapter 6.

WHAT MORE CAN LACEY DO?

The low vacancy rates for rentals and low housing inventory on the market say a lot. The region is in a housing deficit. There are simply not enough units for all the people who live here. Despite current programs, investments, and incentives to build more, the demand from in-migration and job growth is still outstripping the supply and driving up prices. About 67 percent of the housing stock in Lacey is single-family residential. To accommodate

Plain and simple, we need more inventory.

the growing demand, we should be building more of all types, but especially high-density housing options like townhouses, accessory dwelling units, duplexes, triplexes, tiny homes, condominiums, and multi-family buildings.

Lacey needs more subsidized housing, but also more market-rate housing construction, even high-end construction, to ease competition between high- and low-income renters for the same apartments, slow rapid price increases, and give housing subsidies a chance to fill the remaining gap. Plain and simple, we need more inventory.

There are simply not enough units for all the people who live here.

The City has laid out six key policies that are overarching to any actions we will implement. Any actions we take will stay within the City's means and reserves so the city does not leverage resources to the extent that other basic services we are required to provide to the community are reduced.



Policies

POLICY 1. Help People Stay in Affordable Housing

People experience a loss in their affordable housing for a variety of reasons, such as redevelopment or rent increases beyond their ability to pay. Comparable affordable housing may not be available in Lacey. Lower income and fixed-income people, especially seniors, who have owned their homes for a long time but can no longer afford to live there because of increased costs (e.g. maintenance, taxes, and utilities) may be unable to find an affordable alternative that allows them to remain in their communities. This strategy would focus on helping low-income peoples stay in their home or apartment.

POLICY 2. Create a Variety of Housing Choices

Considering Lacey's current housing inventory and Comprehensive Plan goals for walkability, there is a huge opportunity to create gentle densification for more types of housing such as duplexes, triplexes, cottages, courtyard apartments, townhouses, and multi-family apartment buildings. Diversity in housing sizes and types, cost, accessibility, geographic location, and cultural options can provide for diverse individual housing needs at all stages of life, help ensure new residents are welcomed, and ensure long-term residents can stay in Lacey. This strategy would focus on zoning changes to allow for more housing types in more places.



Policies - cont'd

POLICY 3. Create More Affordable Housing

Lacey needs more affordable housing for individuals and families large and small, young and old. As a local government, two important ways the city can influence affordable housing production are through its regulations and prioritizing use of public lands for affordable housing. This strategy would focus on the city's regulatory authority to support development of affordable housing and on opportunities to use public lands for housing development.

POLICY 4. Make it Easier to Build All Types of Housing

As long as Lacey remains an attractive place to live and work, demand for housing will continue to grow. To the extent that demand is high and supply is not able to keep up, housing prices will continue to rise and affordability will decrease. This strategy focuses on actions to help increase the total amount of housing available in Lacey to better meet market demand and, in so doing, relieve pressure on the overall cost of housing.



POLICY 5. Prioritize Federal, State, and Local Funding for Housing

Federal, state, and local funding has not kept pace with the cost of providing affordable housing and additional funding sources are critical to meet the growing need. The focus of this strategy is to continue to support and expand the types and amounts of funding available to support affordable housing. This would establish a higher sustained level of funding in order to fully implement Lacey's affordable housing strategy and direct funds to non-profits building or purchasing units.



POLICY 6. Continue Supporting Homeless Services Regionally

This strategy focuses on supporting and bolstering existing organizations and programs that assist homeless individuals, families, and students in a coordinated way with the County, and neighboring cities.

How will we implement these policies?

The City developed a list of potential actions to implement these policies. We have not prioritized the actions (i.e. Action 1 is not necessarily the first action the City will take or the first priority), but will implement them as opportunities arise and/or funding becomes available. (The City has already started working on some Actions.) In addition, we will analyze all actions prior to implementation.



Potential Actions

ACTION 1. Cut or Reduce Fees for Nonprofits Building Affordable and Low-Income Housing

Since non-profit builders are unable to pass development cost onto their tenants, the City could waive the fees for utility connections, permit processing, traffic mitigation, etc. to create an incentive and reduce development costs (for non-profit developers building affordable units). Currently, the City applies these waivers to Habitat for Humanity and the Boys and Girls Club. However, this could be applied to all non-profit, housing-development organizations.

RELATED POLICIES:

Policy 3: Create More Affordable Housing

Policy 4: Make it Easier to Build All Types of Housing

TABLE 19. Action 1: Cut or Reduce Fees for Nonprofits Building Affordable and Low-Income Housing

Advantages	Disadvantages	Implementation Steps
Reduces development costs	Loss of revenue to Utilities	Text amendment to Lacey Municipal Code (in process)
More, affordable units will be built	Plans will need to be amended to address potential changes to the capital program and financial plan.	

Potential Actions - cont'd

ACTION 2. Expand Multi-Family Tax Exemption to More Parts of the City

Expanding the tax exemption allows cities to exempt multi-family housing from property taxes in urban centers with insufficient residential opportunities. In this program, the city defines a residential target area or areas within an urban center. Approved project sites are exempt from ad valorem property taxation on the residential improvement value for a period of 8 or 12 years. The 12-year exemption requires the development to include a minimum 20 percent affordable housing. The 8-year exemption leaves the public benefit requirement to the jurisdiction’s discretion and carries no affordable housing requirement.

Lacey would expand this tax exemption to the Martin Way corridor and the Depot District. The City could also extend the exemption timeframes.

RELATED POLICIES:

Policy 3: Create More Affordable Housing

Policy 4: Make it Easier to Build All Types of Housing

Policy 5: Prioritize Federal, State, and Local Funding for Housing

TABLE 20. Action 2: Expand Multi-Family Tax Exemption to More Parts of the City

Advantages	Disadvantages	Implementation Steps
More, affordable units will be built	Affordable units capped at only 20% of the project	Text amendment to Lacey Municipal Code
Targets residential development where services exist	Must negotiate with taxing districts before development occurs	
	Taxing districts have to provide service but wait for 8-12 years for revenue	



Potential Actions - cont'd

ACTION 3. Provide City-Owned Land to Nonprofits to Build Units

Public agencies, such as government, transit agencies and special districts, often own property that is no longer useful for its original purpose, or is ideally situated for shared public and private uses. The City would like to create a partnership with non-profit housing developers to reduce the cost of building affordable homes by eliminating the cost of land through a long-term low-cost lease.

RELATED POLICIES:

Policy 3: Create More Affordable Housing

TABLE 21. Action 3: Provide City-Owned Land to Nonprofits to Build Units

Advantages	Disadvantages	Implementation Steps
Reduces development costs	Limited number of public properties	Develop list of City-owned properties
Integrates affordable units into neighborhoods	Not all available properties are suited for housing development	Screen for development suitability
Can direct units with population we're trying to serve, like North Thurston Public Schools families	Few units produced	Create agreement with nonprofit developer for long-term cost lease

ACTION 4. Use County Recording Fees to Support Homeless Services

(\$10 per recording) RCW 43.185C.080

A small portion of County recording fees goes to support homeless services due to ESS HB 1570. The city has not taken advantage of those funds, estimated at \$300,000-\$350,000 annually. To access these funds, the City must develop a homelessness plan and provide an annual report on use of funds.

RELATED POLICIES:

Policy 6: Continue Supporting Homeless Services Regionally

TABLE 22. Action 4: Use County Recording Fees to Support Homeless Services

Advantages	Disadvantages	Implementation Steps
New revenue stream	City does not have direct homeless services programs	Develop homelessness plan or adopt County's plan
Gives Council ability to direct funds where they see a need	Amount of funds not predictable annually	Create project list or list of program to direct funds to
	Reduces funds available for existing regional services	Request funds

Potential Actions - cont'd

ACTION 5. Set Aside a Higher Percentage of City's Budget for Social Services

Currently, the City sets aside 0.5% of its annual budget for social services. United Way of Thurston County, Thurston County Health and Human Services, and the Cities of Lacey, Olympia, and Tumwater created the Community Investment Partnership (CIP). The CIP members work together and join resources to address common needs in meeting basic health and human service needs in the Thurston County Region. The CIP solicits proposals to fund \$630,000 (projected 2017 amount) in projects. The priority for use of these funds is for programs that increase educational success and resiliency of at-risk children and families and programs that meet the basic needs of at-risk populations. As an alternative to using the CIP budget line item, the City could create additional budget items the same way it funds the Veterans Hub, Senior Center, GRUB, Together!, and other special projects. This which would allow the City to direct funds as it saw fit, rather than a large pool of funds distributed like the CIP.



RELATED POLICIES:

- Policy 1: Help People Stay in Affordable Housing
- Policy 3: Create More Affordable Housing
- Policy 5: Prioritize Federal, State, and Local Funding for Housing
- Policy 6: Continue Supporting Homeless Services Regionally

TABLE 23. Action 5: Set Aside a Higher Percentage of City's Budget for Social Services

Advantages	Disadvantages	Implementation Steps
Framework already in place for the CIP, this would just provide more funds for it	Uncertain revenue source. Could reduce other City program budgets	Recommend to City Council during budget development
	City cannot direct funds to city-specific projects because CIP members determine how to spend funds	Determine revenue source or resource reduction elsewhere

Potential Actions - cont'd

ACTION 6. Reduce Fees for Private-Sector Development of Affordable Homes & Units

Just as the City could waive or reduce fees for non-profits, the City could extend this to private sector as well, but with a caveat that a certain percent of affordable homes and units be built as part of the project or fees waived only for those units dedicated as low income. (The City would likely put a cap on the number of units per year and/or per project.) The City could facilitate partnerships with nonprofits to manage and track the affordable units.



RELATED POLICIES:

Policy 3: Create More Affordable Housing

Policy 4: Make it Easier to Build All Types of Housing

TABLE 24. Action 6: Reduce Fees for Private-Sector Development of Affordable Homes & Units

Advantages	Disadvantages	Implementation Steps
More, affordable units will be built	Loss of revenue from fees	Determine which fees, taxes, etc, to reduce or waive
Units would be tracked and managed	Administration of units	Text amendment to Lacey Municipal Code
		Facilitate non-profit partners and developers on a project basis

ACTION 7. Reduce Minimum Lot Size Requirements & Increase Zoning-Density Minimums

Reducing minimum lot sizes, lot widths, and density minimums will help increase density in older, central neighborhoods, which are near utilities, transit lines, services, and jobs. Currently the lowest density zoning is 0-4 dwelling units per acre. This is primarily in the older, established neighborhoods, but also in the Urban Growth Area, with very few vacant parcels left. For example, this would allow for more duplexes in low-density neighborhoods.

RELATED POLICIES:

Policy 2: Create a Variety of Housing Choices

Policy 4: Make it Easier to Build All Types of Housing

TABLE 25. Action 7: Reduce Minimum Lot Size Requirements & Increase Zoning-Density Minimums

Advantages	Disadvantages	Implementation Steps
More lots available for development	Residents may not support in neighborhoods	Text amendment to Lacey Municipal Code
Encourages redevelopment of low-density areas	Affordable units not guaranteed	Community involvement in affected neighborhoods

Potential Actions - cont'd

ACTION 8. Update Codes to Support Temporary Housing

Current codes will be expanded to allow nonprofits or faith-based organizations to host small encampments, tiny home villages, or other types of monitored, supportive housing meant for temporary occupancy with social services available. There is a high need for supportive housing of all types, where case management and other services are available.

RELATED POLICIES:

- Policy 2: Create a Variety of Housing Choices
- Policy 6: Support Homeless Services Regionally

TABLE 26. Action 8: Update Codes to Support Temporary Housing

Advantages	Disadvantages	Implementation Steps
More, transitional housing will be built	Neighbors may not support	Text amendment to Lacey Municipal Code
Sites will be dispersed and small scale	Infrastructure needed	Community involvement



ACTION 9. Require New Low-Income Rentals to Remain Low Income When Combined with Fee Reductions

With protective covenants and deed restrictions, homes can stay affordable. This is accomplished when organizations record a deed covenant on the rental property with a long-term affordability period. Some Community Land Trusts protect the ongoing affordability of rental units by also retaining ownership of the land under these rental unit(s). A partnership with a nonprofit to manage would be necessary. Home ownership that stays affordable is possible through numerous mechanisms, but is not being proposed at this time.

RELATED POLICIES:

- Policy 1: Help People Stay in Affordable Housing

TABLE 27. Action 9: Require New Low-Income Rentals to Remain Low Income When Combined with Fee Reductions

Advantages	Disadvantages	Implementation Steps
A supply of units will be available	Administration requirements	Determine which program(s) to connect to - MFTE, private development with fee waivers
	Would apply to new developments only	

Potential Actions - cont'd

ACTION 10. Further Streamline Accessory Dwelling Unit (ADU) Permitting

Currently, if a property owner wants to build an ADU or “backyard cottage,” they would have to pay a designer to draft plans that meet building codes and design standards. The City could pay for and then provide, free, up to four pre-approved site plans to those interested in building ADUs. These will provide more housing options in neighborhoods with larger lots to gently densify existing neighborhoods.

To facilitate financing, the City could partner with a financial institution to assist property owners in financing their ADU. The City-sponsored program would promote ADU development by providing easy access to financing, plans, and builders.



RELATED POLICIES:

Policy 2: Create a Variety of Housing Choices

Policy 4: Make it Easier to Build All Types of Housing

TABLE 28. Action 10: Further Streamline Accessory Dwelling Unit (ADU) Permitting

Advantages	Disadvantages	Implementation Steps
Increases housing choices	No guarantee ADU will be affordable	Solicit proposals from designers and choose up to 4
Preserves existing neighborhood scale and form	Not a strong market for ADUs in Lacey because few large lots exist	City inspector approve designs
Reduces development costs and produces revenue for homeowners		Make available online and in hard copy
Pre-approved financing		Create partnership with financial institution(s)

Potential Actions - cont'd

ACTION 11. Require Inclusionary Zoning in Designated Areas

Inclusionary zoning requires a certain percentage of a development, whether multi-family apartments or new subdivision, be set aside for affordable housing. Many issues associated with inclusionary zoning would need to be coordinated with non-profit partners for tracking and managing new affordable units. This voluntary program for set asides will also need to be coupled with incentives such as fee reductions so projects are feasible for developers. State law (RCW 36.70A.540) provides authority for Growth Management Act (GMA) cities and counties to establish mandatory requirements for the inclusion of affordable housing under certain circumstances; see also WAC 365-196-870(2). That statute allows a GMA city or county to require a minimum number of affordable housing units that must be provided by all residential developments in areas where the city or county decides to increase residential capacity (in other words, in areas it decides to upzone).

Before establishing such a requirement, a city or county must determine that a zone change would further local growth management and housing policies.

RELATED POLICIES:

Policy 3: Create More Affordable Housing

TABLE 29. Action 11: Require Inclusionary Zoning in Designated Areas

Advantages	Disadvantages	Implementation Steps
More, affordable units will be built	Administration and oversight of units	Determine minimum percentage of units, targeted income range, time period to remain affordable, and geographic scope
	Lost fee revenue	
	Not well-received by private sector	
	Competes with other priorities for mixed-use and infill housing.	

Potential Actions - cont'd

ACTION 12. Support a Regional Approach to a Housing Levy

Counties and cities may impose additional regular property tax levies up to \$0.50 per thousand dollars assessed valuation each year for up to ten years to finance affordable housing for very low-income when specifically authorized to do so by a majority of voters of the taxing district (RCW 84.52.105). A non-profit advocacy group called the Home Fund originally envisioned a housing levy generated through a property tax increase to Olympia, Lacey, and Tumwater in hopes that the city council will put a housing-related ballot measure before the voters 2017. The City of Olympia was the only participating City and did pass the measure in 2017. The city will collect an estimated \$774,000 over the course of four months in 2018, and \$2.3 million per year in the years following. Supporting a regional approach where Lacey and Tumwater participated would increase funding to help work on this regional problem.

RELATED POLICIES:

Policy 5: Prioritize Federal, State, and Local Funding for Housing

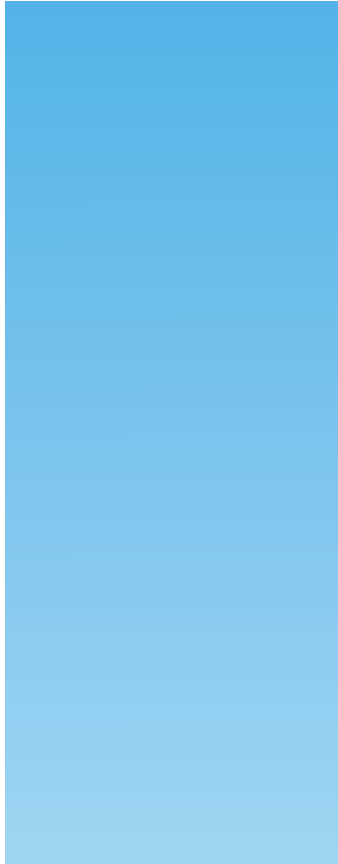
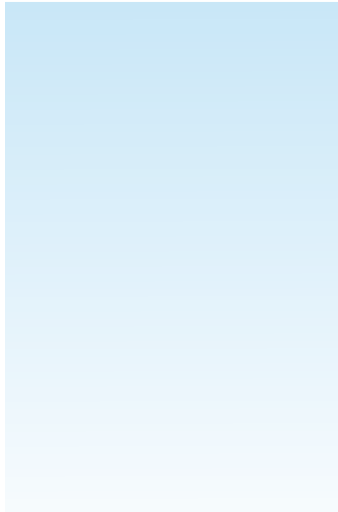


TABLE 30. Action 12: Support a Regional Approach to a Housing Levy

Advantages	Disadvantages	Implementation Steps
Creates a steady funding stream	Needs to be regionally approved at the ballot	Gain support from all jurisdictions
Sales tax would bring in regional revenue	Additional tax	
	Need strategy and plans to manage funds	



6. WHAT MORE CAN LACEY DO?

ACTION 13. Infrastructure Investment for Infill Areas Needing Upgrades

The Comprehensive Plan describes where the City expects, and is trying to direct, growth over the next twenty years. The private sector has traditionally done utility extension and upgrades as areas grow. For infill development, the City could invest to promote development in areas where new housing is desired, but upgrades to infrastructure, such as utilities and sidewalks, would be needed to support it.

RELATED POLICIES:

Policy 4: Make it Easier to Build All Types of Housing

Policy 5: Prioritize Federal, State, and Local Funding for Housing

TABLE 31. Action 13: Infrastructure Investment for Infill Areas Needing Upgrades

Advantages	Disadvantages	Implementation Steps
City could direct improvements where it would like to see development	Need to refocus Capital Facilities Plan development processes	Amend Comprehensive Plan Amend Utility Plans for priorities
Attract private development with public investments - public/private partnerships	Changes existing City investment priorities	

ACTION 14. Support Legislative Initiatives that Encourage Development of Affordable Housing

This action directs the City to advocate for legislative actions on the local, state, and federal level. One example of an ongoing advocacy effort is condominium liability reform. The City and private-sector partners are working with the Washington State Legislature on reform that aims to reduce risks for condominium developers while maintaining consumer protections. Our region needs more condominiums to fill a gap in home ownership choices that are affordable and at a higher density.

RELATED POLICIES:

This Action supports Policies 1-6

TABLE 32. Action 14: Support Legislative Initiatives that Encourage Development of Affordable Housing

Advantages	Disadvantages	Implementation Steps
State level support for local efforts	No guarantee of legislation passing or funding being provided	Coordinate with interest groups
Potential funding sources		Include position in legislative agenda for Council's consideration
Partners strengthen message and need for action		Council endorses position
		Work with other advocates to pass legislation

Implementing the Actions

After receiving input from key community stakeholders, the City Council held a joint work session with the Planning Commission on February 7, 2019, to prioritize the potential actions. Several actions were already in progress, many were designated as a priority to pursue in the short term, and a few were considered important, but on hold until an opportunity arises to implement them. This chart lists the actions by category and indicates when they will be implemented.

TABLE 33. Implementing the Actions

	Already in Process	Priority to Implement	On Hold Until Opportunity Arises
Financial Incentives			
Reduce fees for nonprofits building affordable housing	X		
Expand multi-family tax exemption			X
Reduce fees for private sector building low-income housing that remains low income, in perpetuity (combined Actions 6, 9, & 11)		X	
Provide pre-approved ADU design plans	X		
Zoning Changes			
Reduce minimum lot size, site-design requirements, density		X	
Update codes to support all types of temporary housing		X	
Funding/Investment			
Provide city-owned property to nonprofits to build units	X		
Use County recording fees for supporting homeless services			X
Set aside higher percentage of City's General Fund for social services (currently 0.5%)	X		
Support regional approach to housing levy			X
City-funded infrastructure investment for infill areas needing upgrades		X	
Advocate at Local, State, and Federal Level			
Support any legislation, program, funding, etc. that supports our housing strategy	X		

Monitoring and Measuring Progress

Homelessness and affordable housing issues are complex and intertwined—and so are the solutions. Since this is a regional issue, Lacey actively collaborates with its neighbors, the Cities of Olympia and Tumwater, and Thurston County.

The City will review the housing and wage data in this document, annually, to measure change and monitor progress. We will track our actions and efforts and share progress with our partners and the community. In addition, we will supply data, as needed, for use in countywide goals and targets set by the Thurston Thrives Coordinating Council and Housing Action Team.

Appendix A

January 2019 CONNECTION FEE SCHEDULE

WATER				
<i>Meter Size</i>	<i>GFC</i>	<i>Tap (tap only)</i>	<i>Drop (meter only)</i>	<i>GFC Meter (no tap)</i>
5/8"	\$7,292.00	\$867.00	\$414.00	\$7,706.00
1"	\$14,612.00	\$917.00	\$644.00	\$15,256.00
1-1/2"	\$29,099.00	\$1,100.00	\$1,127.00	\$30,226.00
2"	\$47,524.00	\$1,917.00	\$1,834.00	\$49,358.00
3"	\$89,659.00		Cost + 15%	
4"	\$149,434.00		Cost + 15%	
6"	\$298,560.00		Cost + 15%	

(Note: Storm Water Facility Charge, fees are based on residential/commercial, annexation date, and size of property (acreage). Estimate increases \$5.20 per acre, per month.)

SEWER

LOTT Capital Development Charge	\$6,049.21 (per ERU)
Sewer General Facility Charge	\$3,722.00 (per ERU)

MISCELLANEOUS

Sewer Front Footage	\$94.41/L.F.
Water Front Footage	\$60.10/L.F.
Construction Water	Not Applicable
ROW Access Permit	\$196.00
STEP inspection	\$386.00

The above listed charges do not reflect Latecomers Fees. Latecomers may apply to any parcel.

- One (1) Equivalent Residential Unit (E.R.U.) equals 900 cubic feet of water per month.
- Storm Water charges do not apply in the County.
- If property is in the County, depending on locations of mains boring may be required.
- If outside of the City limits (County) but within the Growth Boundary a "Special Power of Attorney for Annexation" will need to be filled out and recorded.
- City ROW (Right-of-Way) access permit charges apply only within the City Limits and when contractors are performing the work within the ROW. When working in Thurston County, please check with the County to verify if a ROW permit is required.

Acreage = 43,560 sq. ft./acre

Rev. 01/01/2019 TP

Appendix B

Housing Purchase Cost Assumptions

Existing Home Buyer		First-Time Buyer	
Purchase Price	\$289,619 (1)	Purchase Price	\$246,176 (3)
Less Down Payment @ 20%	\$ 57,924	Less Down Payment @ 10%	\$ 24,618 (4)
Mortgage Amount	\$231,695	Mortgage Amount	\$221,559
Monthly Costs		Monthly Costs	
Principle & Interest	\$ 1,209 (2)	Principle & Interest	\$ 1,156
Taxes & Insurance	\$ 316	Taxes & Insurance	\$ 276
Private Mortgage Insurance	\$ 0	Private Mortgage Insurance	\$ 79 (5)
Total	\$ 1,525	Total	\$ 1,511
Income needed to purchase this house	\$ 73,200 (6)	Income needed to purchase this house	\$ 72,528 (6)

Notes:

- (1) According to Trulia, the median house price in Lacey, June 2018: \$289,619. Existing home buyer purchase price estimated at median home price
- (2) Based on 30-year mortgage at 4.5% interest
- (3) Purchase price for first-time buyer estimated at 85% of median home price
- (4) First-time home-buyer calculated based on only 10% down
- (5) A down payment of less than 20% requires private mortgage insurance (PMI)
- (6) Required income based on 25% of income going to cover house payment

HOUSING ACTION PLAN

for the
City of Lacey

Adopted September 16, 2021



CITY OF LACEY

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Executive Summary

This Housing Action Plan is a collaborative effort between the Cities of Lacey, Olympia, and Tumwater. It is intended to inform local comprehensive plan policies and guide implementation strategies to help each city meet its housing needs and strategic objectives.

What's in the Housing Gap?

Seven housing gaps were identified through the Housing Needs Assessment, including the need to:

1. Reduce housing costs for low-income and cost-burdened households.
2. Increase the overall housing supply.
3. Increase the variety of housing sizes and types.
4. Increase senior housing options.
5. Maintain in good condition and improve the existing housing stock.
6. Provide safe, stable options for both renters and homeowners.
7. Increase permanent housing options for people with disabilities and those at risk of or experiencing homelessness.

COVID-19 Pandemic and the Housing Action Plan

In response to the outbreak of the COVID-19 pandemic, Governor Inslee issued a series of proclamations and declarations aimed at reducing the spread of the virus in Washington state, including requiring all non-essential workers to stay home and stay healthy and extending a moratorium on evictions to protect renters. As a result, significant changes in the Lacey, Olympia, and Tumwater area occurred, affecting businesses and residents alike.

The cities will continue to monitor the impact of the pandemic on housing in the coming months and develop plans for implementing appropriate actions whether included in this plan or not.

How to Create an Equitable Housing Market?

About one in four Thurston County residents is a person of color – those who are Hispanic or Latino of any race and those who are any race other than white alone. People of color generally have more people in their household, are less likely to own their own home, have a smaller household income, and are more likely to experience homelessness than their white, non-Hispanic counterparts. Increasing housing equity is not a single action but an overarching theme in this plan. Affordable housing opportunities cannot be created without also reducing housing-related inequities faced by people of color. Each strategy in this report includes a discussion of how it — and the actions associated with it — will reduce inequity in our community.

Taking Action Locally

The City of Lacey is actively implementing actions that remove barriers and encourage appropriate housing development. Of the actions considered in developing this plan, Lacey has already implemented many actions, including making strategic investments in infrastructure, reducing setback requirements, relaxing ground floor retail requirements, and simplifying requirements for accessory dwelling units. The City adopted an Affordable Housing Strategy into its Comprehensive Plan in 2019 which is also being implemented.

In addition to the work the city has already accomplished, this plan identifies a menu of actions Lacey can take to address housing gaps, needs, and equity:

- Actions that help increase the supply of permanent, income-restricted affordable housing.
- Actions that make it easier for households to access housing and stay housed.
- Actions that help expand the overall housing supply.
- Actions that help increase housing variety.
- Actions that help maintain forward momentum in implementing housing strategies.
- Actions that help establish a permanent source of funding for low-income housing.

The menu of options is intended to provide the city flexibility as implementing the specific actions to address specific housing needs.

Setting a Legislative Agenda

While this plan outlines actions Lacey can take to address housing gaps, needs, and equity, barriers also exist at the state and federal levels. By far, the largest barrier is a lack of funding for low-income and income-restricted housing – whether it is construction, improvement, rehabilitation, or rental subsidies. Other barriers include condominium liabilities for builders, tariffs on construction materials imported to the United States, and the impact of prevailing wage requirements tied to federal funding for small, non-profit housing developers.

Chapter 1.

Introduction

Thurston County is one of the fastest growing counties in Washington State. The pressure to ensure all households have affordable access to housing is also growing and represents a significant challenge for all stakeholders. The challenge to provide sufficient affordable housing is complicated by rising construction costs, insufficient inventory, and a greater need for coordinated responses between jurisdictions.

In 2019, the Washington State Legislature passed HB 1923 encouraging cities planning under the state Growth Management Act to take actions to increase residential building capacity. These actions include developing a housing action plan “...to encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes, including strategies aimed at the for-profit single-family home market” (RCW 36.70A.600).

In recognition of the cross-jurisdiction need for affordable housing, the Cities of Lacey, Olympia, and Tumwater chose to collaborate with Thurston Regional Planning Council to develop housing action plans. Funding was provided by the Washington State Department of Commerce. The project includes four components:

- A regional housing needs assessment.
- A household income forecast to identify future housing needs.
- A survey of landlords and rental property owners to better understand housing costs.
- A housing action plan – to be adopted by the cities – identifying a menu of options for the cities to implement to encourage development of a housing stock adequate and affordable for current and future residents.

The Housing Action Plan is intended to identify a menu of actions for the City of Lacey to implement. Such actions should encourage development of a housing stock adequate and affordable for current and

future residents of all income levels. This information will be to update the Housing Elements of the Comprehensive Plan and joint plans covering the urban growth areas (in collaboration with Thurston County).

Appendix A provides more detailed information on each action while Appendix B lists all actions considered through the development of this plan. Where appropriate, explanations as to why an action was not included is provided.

Sources of Actions

This plan combines data and action ideas from a range of sources. Key sources include:

- **Washington State Department of Commerce.** Actions identified in Commerce’s “Guidance for Developing a Housing Action Plan (public review draft)” were used as a starting point for the action list.
- **Comprehensive Plans.** Project staff reviewed housing elements in the cities’ comprehensive plans for actions to include.
- **Stakeholder Committee.** A stakeholder committee that included the Housing Authority of Thurston County, other low-income housing providers, real estate professionals, housing developers (low-income and market rate), and representatives of the Thurston Thrives Housing Action Team added to, and reviewed, the action list.
- **Staff from the Cities of Lacey, Olympia, and Tumwater.** City staff provided feedback on actions that have already been completed or are underway, added actions that were local priorities, and removed actions that were outside of the cities’ authority.
- **Other Sources.** Outreach was done to additional stakeholders as needed, including Habitat for Humanity, the Low-Income Housing Institute, Northwest Cooperative Development Center, and the Thurston Housing Land Trust.

Addressing Housing Gaps and Needs

This Housing Action Plan was preceded by a Housing Needs Assessment. The Housing Needs Assessment reviewed data available on the region’s housing needs and the available housing stock to identify gaps. The most pressing needs identified were:



Affordability. Reduce the cost of housing for low-income and cost-burdened households.



Supply. Increase the inventory of housing for all households.



Variety. Increase the variety of housing sizes and types



Seniors. Increase the stock of housing options needed for aging seniors.



Improvements. Maintain the existing housing stock, including improving energy efficiency and air quality.



Stability. Increase household wealth by providing safe, stable options for rental housing and pathways to homeownership.



Supportive Housing. Increase permanent housing options for people with disabilities and those at risk of or experiencing homelessness.

Many actions included in this plan address multiple housing gaps/needs, and each action in this plan identifies which area of need it addresses.

Equity in Housing Affordability

Not all households have access to affordable housing. Across Thurston County, people of color — those identifying as Hispanic or a race other than white alone — have lower incomes, are less likely to own their own home, are more likely to be housing cost-burdened, and are more likely to be homeless (Table 1-1).

Table 1-1. Metrics for equity in housing

Metric	Person of Color	White, Non-Hispanic
Cost Burdened Households	37%	31%
Homeowners	52%	66%
People Experiencing Homelessness	~ 4.4 per 1,000	~2.4 per 1,000
Household with an Income Less than \$50,000	41%	33%

Across the United States – including Thurston County and its communities – policies have led to and reinforce housing inequities faced by people of color:

- **Redlining.** Neighborhoods with a large number of people of color were denied access to financing for home improvement and construction. This made it harder for people of color to build financial equity and stay or move out of poverty. While redlining is now illegal, people of color are still more likely to have mortgage applications denied or pay higher interest rates.
- **Zoning.** Zoning regulations explicitly barred racial and ethnic minorities. While this, too, is illegal, zoning regulations today may implicitly bar people of color by placing restrictions on the sizes and types of housing that are affordable and accessible to disadvantaged populations. Zoning that exclusively allows single-family neighborhoods — an estimated 75 percent of all residential-

zoned land across major U.S. cities — perpetuates this legacy of barring racial and ethnic minorities.

- **Covenants.** Privately enforced housing covenants used to exclude racial and ethnic minorities from predominantly white neighborhoods. Racial covenants became more common after racial zoning ordinances were deemed unconstitutional by the U.S. Supreme Court.

Cities can help reverse the disparities caused by these problems by creating more opportunities for affordable housing. Cities are also responsible for ensuring new policies — not just around housing — do not exacerbate inequities. Resources like the Government Alliance on Race and Equity’s “Racial Equity Toolkit” can help cities incorporate equity considerations in policy making.

How is Equity Addressed in the Plan?

Because creating affordable housing opportunities goes hand-in-hand with reducing housing-related inequities faced by people of color, increasing equity is not a single action but an overarching theme in this plan. Each strategy in this plan includes a discussion of how it — and the actions associated with it — work to reduce inequity in our community.

An action that promotes affordable housing — especially for the most vulnerable in our community — is an action that will promote equity.

Defining Terms Used

The following terms are used in this plan.

Affordable Housing. Housing for which the household pays no more than 30 percent of its gross income for housing costs, including utilities.

Income Restricted Housing. Housing for which the occupancy of the units is restricted to households making 80 percent or less of the area median family income, as defined by the U.S. Department of Housing and Urban Development.

Low-Income Housing. Housing that is affordable for households making 80 percent or less of the area median family income, as defined by the U.S. Department of Housing and Urban Development. Low-income housing can take the form of income-restricted housing units or subsidized housing — whether the unit itself is subsidized or the household receives a housing voucher to subsidize market-rate rent conditions.

Manufactured Home Park. A site under single ownership where ground space is made available for mobile homes, manufactured homes, or a combination of the two. Mobile homes and manufactured homes are both factory-built and considered dwellings for habitation rather than vehicles (such as an

RV). Mobile homes refer to those units factory-constructed prior to June 15, 1976, while manufactured homes are units factory-constructed after that date.

Permanent Supportive Housing. Permanent housing intended specifically for chronically homeless and permanently disabled individuals and families. Supportive services (medical, mental health, enrichment programs, etc.) and case management are available on site or closely coordinated to reduce barriers that inhibit households from accessing such services.

Assumptions

Four primary assumptions guided development of this plan:

Menu of options. This plan is intended as a menu of options for the City of Lacey to consider implementing. Not all actions will be utilized. Actions that can only be taken by other entities are not included in this plan.

Analysis before implementation. The City of Lacey is a unique community with different priorities, development patterns, and resources than neighboring communities. This plan cannot respond to every issue and need, but it can provide a framework for the community to consider how best to act. Further analysis on an action should be undertaken to determine how well it will respond to the specific need or gap the city attempts to fill.

People experiencing homelessness. This action plan addresses permanent housing solutions. The Thurston County Homeless Crisis Response Plan guides the region's emergency response to homelessness. Although there will be some overlap, this plan is limited to actions that result in or support the creation/preservation of affordable and low-income housing, including permanent supportive housing. Permanent housing is a fundamental part of solving the homelessness crisis our region is experiencing. Despite having a coordinated entry system designed to quickly connect people experiencing homelessness to housing, being responsive to needs is hampered by high housing costs and a lack of housing units.

The City of Lacey also participates in the newly formed Regional Housing Council, created to leverage resources and partnerships to promote equitable access to safe and affordable housing in Thurston County. The Regional Housing Council looks at funding issues for responding to homelessness and housing affordability in the region.

Addressing household income. This plan does not address the income side of the housing equation. Attracting living wage jobs, increasing the minimum wage, and other actions impacting a household's income could help make housing more affordable. Lacey's Economic Development Element of the Comprehensive Plan and associated Economic Development Strategy with assistance from the Thurston Economic Development Council guide the region's response to economic development, which has a

direct impact on household incomes. Although there will be some overlap, this plan is limited to actions that result in or support the creation/preservation of affordable and low-income housing units.

Chapter 2.

Actions Already Implemented

As of January 31, 2021, the following actions have been implemented by the City of Lacey as well as the Cities of Olympia and Tumwater. This list comprises only those actions implemented by all three cities.

- **Adopt design standards that assist new forms of high-density housing and promote infill.**
- **Allow accessory dwelling units in all residential zones.**
- **Simplify requirements for accessory dwelling units (ex: title notification, owner living on site, etc.).**
- **Allow group homes in all residential zones and commercial zones that allow residential uses.** Group homes are a source of housing for people with disabilities, seniors, those undergoing treatment for a variety of medical concerns, children in foster care, etc.
- **Establish a multifamily tax exemption (MFTE).** The Multifamily Tax Exemption (MFTE) Program is intended to encourage the construction of new, rehabilitated, or converted multifamily housing within designated areas. MFTE is limited to multifamily units with four or more units. Eligible projects typically receive an eight-year tax break or twelve years if the property owner/developer commits to renting or selling at least 20 percent of the units to households with an income at or below 115 percent of the median family income during the same period of time. Once the period lapses, the owner/developer is free to rent or sell units at market rate.
- **Make strategic investments in infrastructure expansion to reduce development costs.** Each city makes a concerted effort to invest in infrastructure expansion where it makes the most sense, thereby reducing development costs and spurring needed development in the right locations. Although each community makes such strategic investments, new development constructs the majority of infrastructure, impacting the overall cost of housing in that development.

-
- **Process short plat applications administratively.** Short platting is the division of land into a limited number of lots. Typically, approving land divisions is a legislative function of the city council. However, state law requires cities to have a short plat process and approve such requests administratively. As of 2020, the Cities of Lacey, Olympia, and Tumwater all allow administrative short plats for land divisions of nine or fewer lots, the state’s current limit for short platting.
 - **Recognize modular/manufactured housing as a viable form of housing construction.** Since 2004, state law has recognized the value manufactured housing has on housing affordability. Cities must treat manufactured housing the same as it does traditionally built housing and must also allow mobile and manufactured homes to locate in existing manufactured home parks.
 - **Reduce setbacks and increase lot coverage/impervious area standards.**
 - **Relax ground floor retail requirements to allow residential units.** In commercial zones, retail uses are often required on the ground floor for mixed-use developments. The Cities of Lacey and Olympia have relaxed their requirements, while the City of Tumwater has never established a requirement for ground floor retail in a mixed-use development.
 - **Require minimum residential densities.**
 - **With major comprehensive plan updates, confirm land is suitably zoned for development of all housing types.** Cities and counties are required to include housing elements in their comprehensive plans. The Growth Management Act requires housing elements to include information on the types of housing available in the community and to confirm there is enough land available for such uses. As part of these updates, the Cities of Lacey, Olympia, and Tumwater confirm whether the land itself is zoned properly to sufficiently allow the types of units envisioned in the community in the quantities necessary to meet housing needs.

In addition to these actions, the Cities of Lacey, Olympia, and Tumwater are also taking advantage of a local revenue-sharing program established by [HB 1406](#), which allows the cities to receive a portion of the State’s existing sales and use tax to fund affordable housing programs and services. The three cities plan to pool their resources with guidance from the Regional Housing Council.

Chapter 3.

Actions

This chapter identifies six strategies for addressing housing needs in the City of Lacey:

1. Increase the supply of permanent, income-restricted affordable housing.
2. Make it easier for households to access housing and stay housed.
3. Expand the overall housing supply by making it easier to build all types of housing projects.
4. Increase the variety of housing choices.
5. Continually build on resources, collaboration, and public understanding to improve implementation of housing strategies.
6. Establish a permanent source of funding for low-income housing.

All of the actions are associated with one of the six strategies, and each action fills one or more of the seven gaps identified in the Housing Needs Assessment:



Affordability. Reduce the cost of housing for low-income and cost-burdened households.



Supply. Increase the inventory of housing for all households.



Variety. Increase the variety of housing sizes and types



Seniors. Increase the stock of housing options needed for aging seniors.



Improvements. Maintain the existing housing stock, including improving energy efficiency and air quality.



Stability. Increase household wealth by providing safe, stable options for rental housing and pathways to homeownership.



Supportive Housing. Increase permanent housing options for people with disabilities and those at risk of or experiencing homelessness.

The table of actions associated with each strategy includes key information to know:

- Gaps or needs addressed by the action (as indicated by the above icons).
- Implementation status for each city, as represented by the following symbols:



The action is pending. The city has begun the work necessary to implement the action, but it is not yet fully implemented.



The action is implemented. The city has completed the work necessary to implement the action.

More detailed information on each action is provided in Appendix A. For a complete list of actions considered as part of the development of this plan, see Appendix B.

Neither the strategies nor the actions associated with them are in in priority order. Not all actions will be utilized by the city, and actions that can only be taken by other entities are not included in this plan.

Strategy 1: Increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.

Strategy 1 includes actions that increase the supply of permanently affordable housing for low-income households (those making 80 percent or less of the area median family income) and actions that support the providers of low-income housing.

Why is this strategy important?

Demand for housing is straining the limited supply of affordable options. For households with the lowest incomes – such as those headed by a retail clerk, a home health aide, or a childcare provider – market rate housing is unlikely to be an affordable option. For these households, even home maintenance costs – let alone rent or mortgage payment costs – can be unaffordable.

How do these actions reduce housing costs?

These actions increase the supply of housing where costs are kept permanently affordable to those earning the lowest incomes in our community. The need is great: according to the Housing Needs Assessment, about 20,200 households in Lacey, Olympia, and Tumwater have an income of 80 percent or less of the median family income (Table 3-1). Another 13,800 households in the same category are anticipated over the next 25 years.

Table 3-1. Households making 80 percent or less of the area median income by jurisdiction, 2012-2016 estimate and 2045 projection

	Households with an Income* of:			TOTAL HOUSEHOLDS
	<= 30% of area median	30% to 50% of area median	50% to 80% of area median	
2012-2016 Estimate				
Lacey	1,800	1,900	3,600	7,200
Olympia	3,300	2,700	3,500	9,500
Tumwater	1,200	900	1,400	3,500
Cities Combined	6,200	5,500	8,500	20,200
2045 Projection				
Lacey	2,200	3,000	5,500	10,700
Olympia	5,200	5,200	6,500	16,900
Tumwater	1,900	1,700	2,800	6,400
Cities Combined	9,300	9,900	14,800	34,000

**Household income as a percent of the area median family income. Excludes people experiencing homelessness and other group quarters populations. Estimates are only for current city limits and do not include unincorporated UGAs.*

Source: Thurston Regional Planning Council

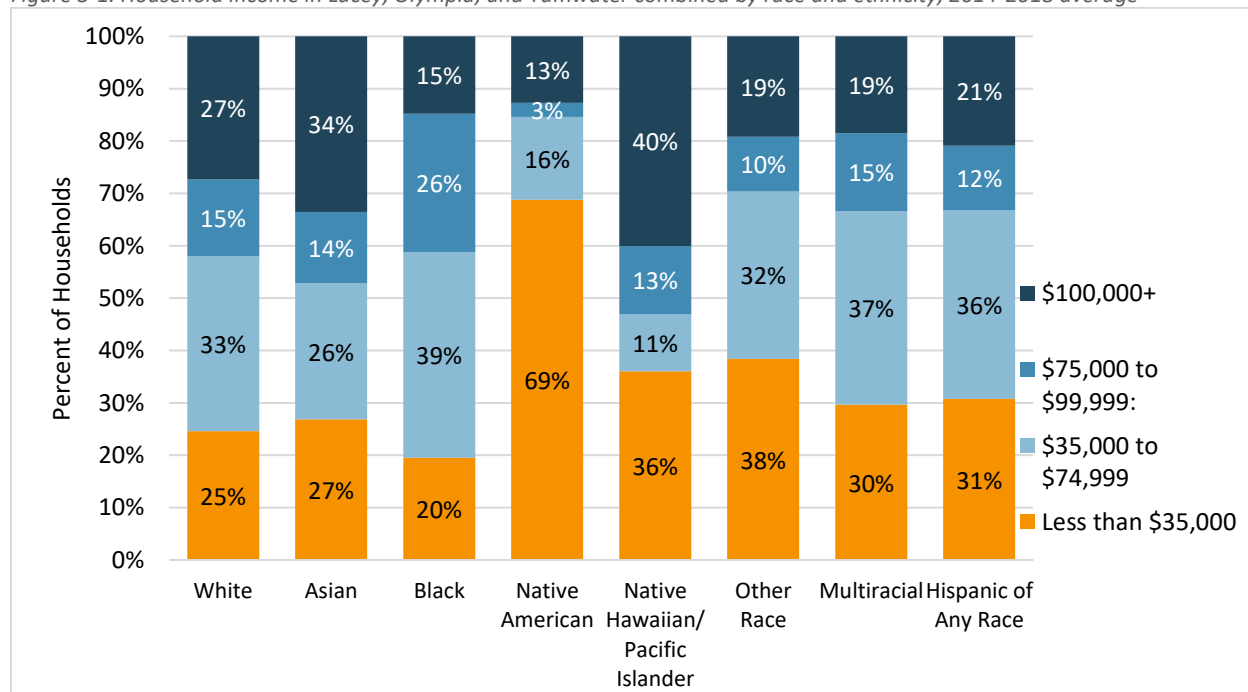
Reducing the cost of renting and owning a home are both part of the solution. For households looking toward homeownership, the up-front costs associated with purchasing a home can put this option out of reach. Low-income households, however, can benefit from the stabilization in housing costs owning a home offers – in general, monthly mortgage payments stay the same over 30 years while monthly rent payments increase.

These actions also address the need for permanent supportive housing. For people moving out of emergency housing situations – such as a homeless shelter – permanent supportive housing provides not only affordable housing but also access to health and social services. These services build stability and decrease the likelihood residents will experience homelessness again.

How do these actions address equity?

The lowest income households in Thurston County are disproportionately headed by people of color (Figure 3-1). The same is true for people experiencing homelessness. Permanently affordable housing for households that make 80 percent or less of the area median income directly benefits both these populations by providing affordable, stable housing options. Housing affordable to households with the lowest incomes can be rental or owner units, both of which help stabilize households. Programs that expand homeownership opportunities can significantly improve a household’s wealth; this is especially important to addressing inequities for households of color stemming from historical policies like redlining and exclusionary zoning.





















Figure 3-1. Household income in Lacey, Olympia, and Tumwater combined by race and ethnicity, 2014-2018 average


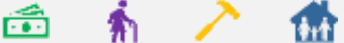



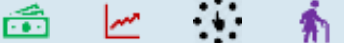












Note: In the figure above, householders who are Latino or Hispanic are only represented in “Hispanic of Any Race.”


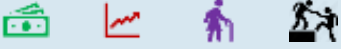


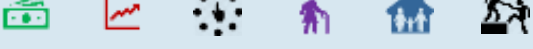


Source: U.S. Census Bureau American Community Survey.










Table 3-2. Actions that increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.



Actions that increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.	Implementation Status
<p>1.a. Donate or lease surplus or underutilized jurisdiction-owned land to developers that provide low-income housing. <i>Gaps/Needs Addressed:</i>  </p>	
<p>1.b. Require Planned Residential Developments (PRDs)/Planned Unit Developments (PUDs) for low-density development and include standards for including low-income housing. <i>Gaps/Needs Addressed:</i>     </p>	
<p>1.c. Adopt a “Notice of Intent to Sell” ordinance for multifamily developments. <i>Gaps/Needs Addressed:</i> </p>	
<p>1.d. Provide funding for the Housing Authority of Thurston County and other non-profit organizations to buy income-restricted units proposed to be converted to market rate housing. <i>Gaps/Needs Addressed:</i>  </p>	
Key	
<p>Gaps and Needs  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing</p>	<p>Implementation Status  Action Pending  Action Implemented</p>










Actions that increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.	Implementation Status
<p>1.e. As part of comprehensive plan and development code changes, include an evaluation of the impact such changes will have on housing affordability, especially for low-income households.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>1.f. Provide funding for renovating and maintaining existing housing that serves low-income households or residents with disabilities.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>1.g. Allow manufactured home parks in multifamily and commercial areas.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>1.h. Provide funding for low-income and special needs residents to purchase housing through community land trusts.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>1.i. Offer density bonuses for low-income housing.</p> <p><i>Gaps/Needs Addressed:</i></p> 	

Key	
<p>Gaps and Needs</p>  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	<p>Implementation Status</p>  Action Pending  Action Implemented

Actions that increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.	Implementation Status
<p>1.j. Define income-restricted housing as a different use from other forms of housing in the zoning code.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>1.k. Offer and/or expand fee waivers for low-income housing developments.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>1.l. Require low-income housing units as part of new developments.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>1.m. Fund development projects that increase low-income housing through grants or loans.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>1.n. Establish a program to preserve and maintain healthy and viable manufactured home parks.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>1.o. Enhance enforcement of property maintenance codes to keep housing in good repair.</p> <p><i>Gaps/Needs Addressed:</i></p> 	

Key	
<p>Gaps and Needs</p>  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	<p>Implementation Status</p>  Action Pending  Action Implemented

Actions that increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.	Implementation Status
<p>1.p. Partner with low-income housing developers (such as Habitat for Humanity) to expand homeownership opportunities.</p> <p><i>Gaps/Needs Addressed:</i></p>  	

Key	
<p>Gaps and Needs</p>  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	<p>Implementation Status</p>  Action Pending  Action Implemented

Strategy 2: Make it easier for households to access housing and stay housed.

Strategy 2 actions address housing stability by preventing evictions and displacement and creating opportunities to build financial equity through homeownership.

Why is this important?

Housing stability is an important component of housing affordability. When households face housing insecurity due to income or other issues, there can be a fine line between being housed and being homeless. Evictions and foreclosures are both destabilizing and can lead to long-term poverty. These events also make it more likely a household will experience homelessness.

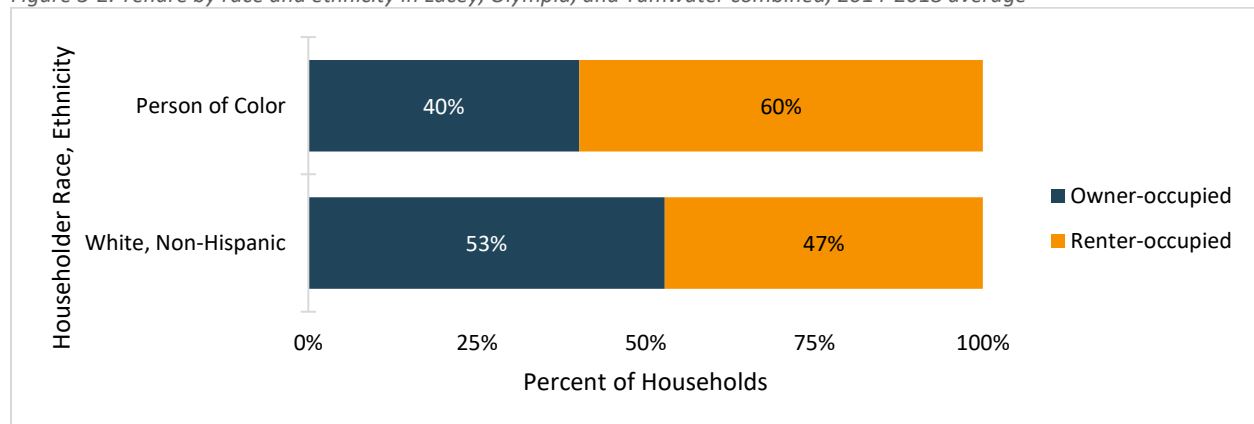
How do these actions reduce housing costs?

Preventing homelessness in the first place is more cost-effective than housing someone already experiencing homelessness. Households that can avoid evictions and foreclosures also avoid likely increases in their monthly housing costs – if they are even able to find a new home to live in. For renters, the cost of finding new housing can also include application fees, deposits, and other charges that create additional financial hurdles.

How do these actions address equity?

People of color are more likely to rent (Figure 3-2) and more likely to have a lower income than their white, non-Hispanic counterparts. This makes them particularly vulnerable to eviction when rent increases exceed their ability to pay. This concern is reflected in the population experiencing homelessness, which is also disproportionately people of color.

Figure 3-2. Tenure by race and ethnicity in Lacey, Olympia, and Tumwater combined, 2014-2018 average

















Source: U.S. Census Bureau American Community Survey.

Homeownership is an important way for a household to build financial equity, move people out of poverty, and create generational wealth. Creating these opportunities for people of color – who were historically denied access to mortgages and loans – is particularly important.

Table 3-3. Actions that make it easier for households to access housing and stay housed.

Actions that make it easier for households to access housing and stay housed.	Implementation Status																
<p>2.a. Provide displaced tenants with relocation assistance. Gaps/Needs Addressed:</p>																	
<p>2.b. Partner with local trade schools to provide renovation and retrofit services for low-income households as part of on-the-job-training. Gaps/Needs Addressed:</p>																	
<p>2.c. Rezone manufactured home parks to a manufactured home park zone to promote their preservation. Gaps/Needs Addressed:</p>																	
<p>2.d. Adopt a “right to return” policy. Gaps/Needs Addressed:</p>																	
<p>2.e. Adopt short-term rental regulations to minimize impacts on long-term housing availability. Gaps/Needs Addressed:</p>																	
<p style="text-align: center;">Key</p> <table border="0" style="width: 100%;"> <tr> <td colspan="2">Gaps and Needs</td> <td colspan="2">Implementation Status</td> </tr> <tr> <td> = Affordability</td> <td> = Supply</td> <td> = Variety</td> <td> = Action Pending</td> </tr> <tr> <td> = Improvements</td> <td> = Stability</td> <td> = Supportive Housing</td> <td> = Action Implemented</td> </tr> <tr> <td></td> <td></td> <td> = Seniors</td> <td></td> </tr> </table>		Gaps and Needs		Implementation Status		= Affordability	= Supply	= Variety	= Action Pending	= Improvements	= Stability	= Supportive Housing	= Action Implemented			= Seniors	
Gaps and Needs		Implementation Status															
= Affordability	= Supply	= Variety	= Action Pending														
= Improvements	= Stability	= Supportive Housing	= Action Implemented														
		= Seniors															

Actions that make it easier for households to access housing and stay housed.	Implementation Status
2.f. Establish a down payment assistance program. <i>Gaps/Needs Addressed:</i>  	
2.g. Identify and implement appropriate tenant protections that improve household stability. <i>Gaps/Needs Addressed:</i>   	
Key	
Gaps and Needs  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	Implementation Status  Action Pending  Action Implemented

Strategy 3: Expand the overall housing supply by making it easier to build all types of housing projects.

Strategy 3 includes actions that streamline the development and construction of market rate housing — both owner and renter-occupied homes.

Why is this important?

Between 2020 and 2045, the population of Lacey, Olympia, and Tumwater and their urban growth areas is projected to increase by over 60,000 people. This growth will require nearly 30,000 new housing units. When demand for housing is high – as it is now – but supply remains low, housing costs increase, reducing affordability. The increase in costs affects both renters and potential buyers.

How do these actions reduce housing costs?

The Housing Needs Assessment showed that we will likely see a growth of households in all income categories, from the lowest earning ones to those earning well above the median income. This will require the construction of housing affordable to a wide range of incomes.



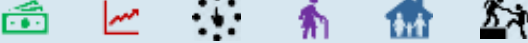



Expanding the housing supply also means people can find housing better suited their needs. For example: high prices for condos and rentals means empty nesters who want to downsize are more likely to stay in their single-family home. A young family looking to buy their first home may continue to rent or pay more than 30 percent of their household income on a mortgage if home sale prices are too high.









How do these actions address equity?



















When housing costs rise, those with the lowest incomes – who are disproportionately people of color – are most affected. Rising rents are correlated with increased evictions and homelessness. Rising home prices mean homeownership – a way for disadvantaged households to build equity – becomes more difficult. Increasing costs can also lead to cultural displacement as people move to new neighborhoods that lack the businesses and institutions important to their community. While this process may be voluntary, it can be destabilizing for communities of color. When higher income households – those that can afford to rent or purchase at market rates – find housing that better meets their needs and budgets, more units are freed up that lower income households can afford. Expanding the overall housing stock also slows the rent/housing price increases that disproportionately affect people of color.










Market rate housing alone will not address the needs of the most disadvantaged populations, and pressure to develop market rate housing in communities of color can cause displacement. Strategy 1 includes actions to increase the supply of housing for the lowest-income households while Strategy 2 includes actions to make it easier for households to access housing and stay housed.



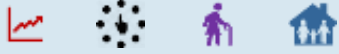
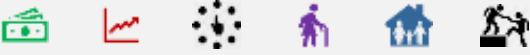
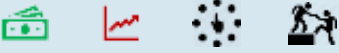
Table 3-4. Actions that expand the overall housing supply by making it easier to build all types of housing projects.










Actions that expand the overall housing supply by making it easier to build all types of housing projects.	Implementation Status
<p>3.a Offer developers density and/or height incentives for desired unit types. Gaps/Needs Addressed:</p> 	
<p>3.b Allow third-party review of building permits for development projects. Gaps/Needs Addressed:</p> 	
<p>3.c Develop a plan for adapting vacant commercial space into housing. Gaps/Needs Addressed:</p> 	
<p>3.d Expand allowance of residential tenant improvements without triggering land use requirements. Gaps/Needs Addressed:</p> 	
<p>3.e Reduce parking requirements for residential uses, including for multifamily developments near frequent transit routes. Gaps/Needs Addressed:</p> 	

Key			
<p>Gaps and Needs</p>  = Affordability  = Improvements	 = Supply  = Stability	 = Variety  = Supportive Housing	<p>Implementation Status</p>  Action Pending  Action Implemented

Actions that expand the overall housing supply by making it easier to build all types of housing projects.	Implementation Status
<p>3.f Identify strategically placed but underdeveloped properties and determine what barriers exist to developing desired housing types.</p> <p><i>Gaps/Needs Addressed:</i></p>  	
<p>3.g Increase minimum residential densities.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>3.h Reduce minimum lot sizes.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>3.i Lower transportation impact fees for multifamily developments near frequent transit service routes.</p> <p><i>Gaps/Needs Addressed:</i></p>   	
<p>3.j Expand the multifamily tax exemption to make it available in all transit corridors.</p> <p><i>Gaps/Needs Addressed:</i></p>     	
<p>3.k Allow deferral of impact fee payments for desired unit types.</p> <p><i>Gaps/Needs Addressed:</i></p> 	

Key			
Gaps and Needs	 = Affordability	 = Supply	 = Variety
	 = Improvements	 = Stability	 = Seniors
		 = Supportive Housing	Implementation Status
			 Action Pending
			 Action Implemented

Actions that expand the overall housing supply by making it easier to build all types of housing projects.	Implementation Status
<p>3.l Simplify land use designation maps in the comprehensive plan to help streamline the permitting process.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>3.m Integrate or adjust floor area ratio standards.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>3.n Maximize use of SEPA threshold exemptions for residential and infill development.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
<p>3.o Consult with Washington State Department of Transportation as part of the SEPA review process to reduce appeals based on impacts to the transportation element for residential, multifamily, or mixed-use projects.</p> <p><i>Gaps/Needs Addressed:</i></p> 	

Key				
Gaps and Needs				Implementation Status
 = Affordability	 = Supply	 = Variety	 = Seniors	 Action Pending
 = Improvements	 = Stability	 = Supportive Housing	 Action Implemented	

Strategy 4: Increase the variety of housing choices.

Strategy 4 actions address ways to increase the variety of housing options, including duplexes, triplexes, accessory dwellings, and other housing forms that are not as common in the Lacey area.

Why is this important?

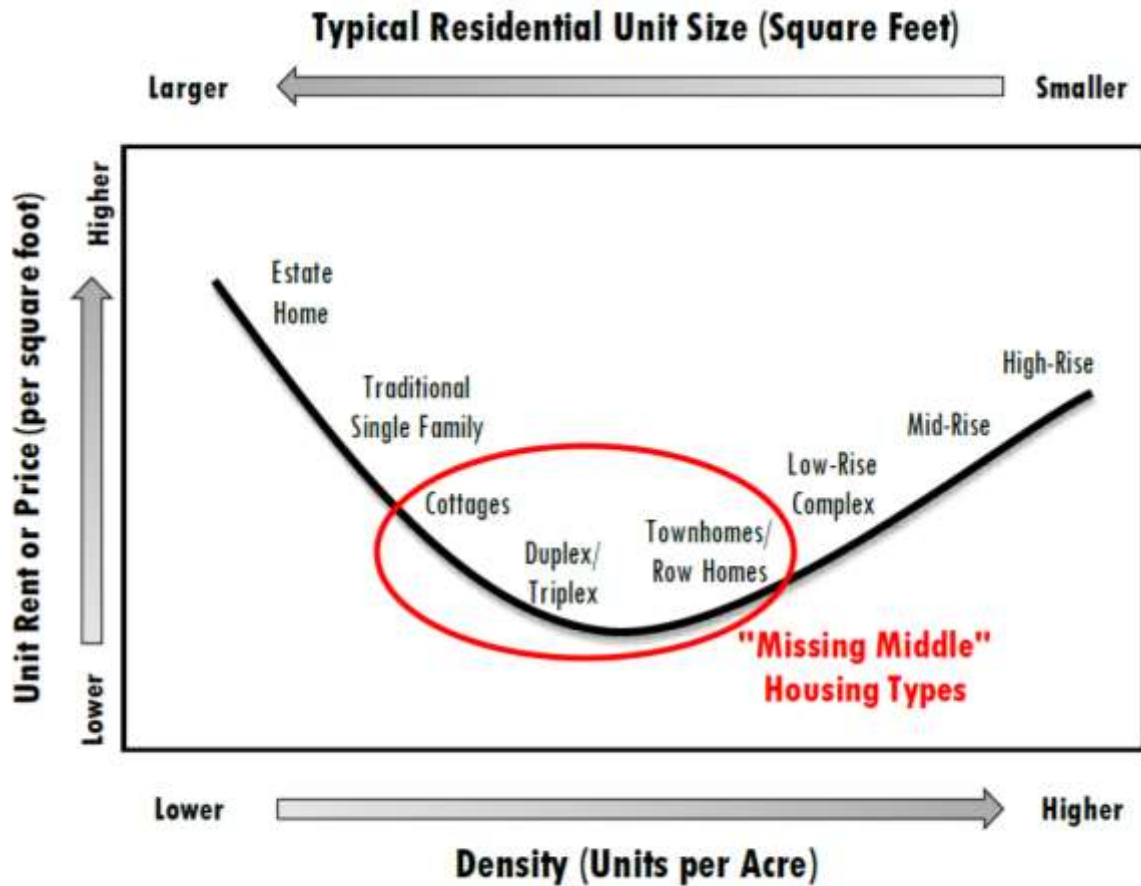
Household sizes in Thurston County have gotten smaller – reaching an average of 2.5 people per household today. There are more single-parent families and householders living alone. As household formation and composition have changed over time, so have housing needs. Increasing the variety of housing types allows more choices for households and creates a dynamic housing market better able to meet the needs of people living in Lacey.

How do these actions reduce housing costs?

“Middle density” housing – a small part of Lacey’s current housing stock – is an important part of an affordable housing strategy. Middle density housing includes small multifamily housing (duplexes and triplexes), attached townhomes, cottage housing, and accessory dwellings. Per-unit costs tend to be lower than single family homes because the homes are smaller, and developers can benefit from economies of scale. Per-unit costs are also less than high-density multifamily because they are stick built (they don’t require structured parking or other concrete and steel structures) and are typically in neighborhoods with existing infrastructure. This leads to lower costs both for homeowners and renters (Figure 3-3).

Diversifying the housing stock also recognizes that households are unique and have a wide range of housing needs. This is particularly true as our population ages. Middle density housing provides seniors a way to downsize while remaining in the neighborhoods they love.

Figure 3-3. Relationship between Housing Types, Price and Rent, Unit Size, and Residential Density







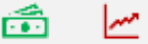



Source: Washington State Department of Commerce, *Housing Memorandum: Issues Affecting Housing Availability and Affordability* (2019), p. 85. <https://deptofcommerce.app.box.com/s/npwem3s3rvcsya15nylbroj18e794yk7>.

How do these actions address equity?

Increasing the variety of housing options provides more affordable housing options for low-income households, who are disproportionately people of color. Middle density housing can be both rental and owner-occupied. Affordable owner-occupied units would be a potential way to build financial equity.

Middle density housing also expands the housing options available in predominantly single-family neighborhoods, leading to a mix of household incomes. This allows low-income households to access some of the resources – such as better school districts or healthier neighborhoods – available to higher-income households.

Table 3-5. Actions that increase the variety of housing choices

Actions that increase the variety of housing choices	Implementation Status												
<p>4.a. Increase the types of housing allowed in low-density residential zones (duplexes, triplexes, etc.).</p> <p><i>Gaps/Needs Addressed:</i></p> 													
<p>4.b. Allow more housing types in commercial zones.</p> <p><i>Gaps/Needs Addressed:</i></p> 													
<p>4.c. Adopt a form-based code for mixed-use zones to allow more housing types and protect the integrity of existing residential neighborhoods.</p> <p><i>Gaps/Needs Addressed:</i></p> 													
<p>4.d. Allow single-room occupancy (SRO) housing in all multifamily zones.</p> <p><i>Gaps/Needs Addressed:</i></p> 													
<p>4.e. Strategically allow live/work units in nonresidential zones.</p> <p><i>Gaps/Needs Addressed:</i></p> 													
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= Improvements	= Stability	= Supportive Housing	Action Implemented										

Strategy 5: Continually build on resources, collaboration, and public understanding to improve implementation of housing strategies.

Strategy 5 actions recognize the need for the City of Lacey to engage with the community and establish strong partnerships with affordable housing providers to address housing affordability.

Why is this important?

While the City of Lacey does not build or manage low-income housing, the policies the City enacts can affect how much housing can be built and at what cost.

How do these actions reduce housing costs?

By establishing partnerships and collaborations with organizations who serve low-income households, the cities can ensure that they are directing their resources and enacting policies that best serve low-income households.

For some, changes brought on by growth and new development in their established neighborhoods can be threatening. As a result, residents may support more affordable housing while at the same time seek to prevent actions needed to increase affordable options. By engaging with the community, the cities can also build a shared understanding of the challenges faced by low-income households and develop informed consent around the strategies needed to increase housing affordability.

How do these actions address equity?

Building public understanding around the challenges faced by low-income households includes recognizing the historical reasons why they are disproportionately people of color.














The people who typically engage in public review processes – especially land use processes – are often white and of higher income. Developing relationships with people of color as well as organizations that work with or represent communities of color and disadvantaged groups can help the Cities of Lacey, Olympia, and Tumwater better:

- Identify who benefits or is burdened by an action.
- Examine potential unintended consequences of taking an action.
- Mitigate unintended negative consequences of taking an action.
- Build in strategies to advance racial equity.

Proactive efforts to ensure engagement in decision-making processes are broadly inclusive and grounded in achieving equity are necessary. With broader input representative of the whole community, decisions are better balanced and actions the cities take can be more successfully implemented in an equitable fashion.

Inviting and bringing in people of all walks of life into the community conversation provides the most direct way to get feedback. Collaborating with community leaders and trusted representatives among disadvantaged populations can help make this happen and ensure government action does not increase inequities faced by people of color.

Table 3-6. Actions that improve implementation of housing strategies through collaboration, public understanding, and continually building on resources

Actions that improve implementation of housing strategies through collaboration, public understanding, and continually building on resources		Implementation Status
5.a	<p>Conduct education and outreach around city programs that support affordable housing.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
5.b.	<p>Fund Housing Navigators to assist households, renters, homeowners, and landlords with housing issues.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
5.c.	<p>Identify and develop partnerships with organizations that provide or support low-income, workforce, and senior housing as well as other populations with unique housing needs.</p> <p><i>Gaps/Needs Addressed:</i></p> 	
5.d.	<p>Establish a rental registration program to improve access to data and share information with landlords.</p>	
Key		
<p>Gaps and Needs</p>  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing		<p>Implementation Status</p>  Action Pending  Action Implemented

Strategy 6: Establish a permanent source of funding for low-income housing.

Strategy 6 actions address the need to increase funding for low-income housing and to provide a regional strategy for distributing funds.

Why is this important?

While the private sector will build most of the housing needed to meet demand in the Lacey, Olympia, and Tumwater area, a significant portion of households earn less than 80 percent of the median area income. Paying market rate rents or mortgages may not be affordable for them (Table 3-7).

Table 3-7. Maximum affordable housing costs at various income levels, 2020

HUD Income Limit* for a:	Yearly Income	Hourly Wage (Full Time)**	Maximum Monthly Affordable Rent or Mortgage Payment
2-Person Family			
Extremely Low Income (30%)	\$20,800	\$10.00	\$500
Very Low Income (50%)	\$34,700	\$16.70	\$900
Low Income (80%)	\$55,500	\$26.70	\$1,400
4-Person Family			
Extremely Low Income (30%)	\$26,200	\$12.60	\$700
Very Low Income (50%)	\$43,350	\$20.80	\$1,100
Low Income (80%)	\$69,350	\$33.30	\$1,700

*For 2020, Housing and Economic Development (HUD) income limits are based on a median family income of \$86,700 for Thurston County.

**Assumes one household member works full time at 40 hours per week.

Source: Thurston Regional Planning Council.

Whether developer is a nonprofit or a for-profit organization, there are real costs to consider in making a development project feasible. Table 3-8 provides an example of the monthly costs associated with developing a 100-unit apartment complex. This example is intended to give readers an idea of the costs associated with multifamily development; actual numbers for a real project will vary based on a variety of factors.

In this example, each apartment unit costs \$250,000 to develop, a total that includes acquiring land, engineering and architectural fees, environmental review, appraisals, city fees, construction costs, etc. Most developers do not have the cash to develop a project without financing. Some may not have funds for even a down payment to qualify for a development loan. Developers must also consider the ongoing costs once the development is up and running – such as costs for managing the property, taxes and insurance, and reserving funds for basic and more extensive repairs. In this example, monthly costs per unit would need to be \$1,695 just to cover the financing and ongoing operating costs; this does not take into account any profit – only the cost to break even on the project and ensure the developer does not lose any money.

Table 3-8. Example of costs associated with developing an apartment complex

	Per Unit Cost – Not Grant Funded	Per Unit Cost – 25% Grant Funded	Per Unit Cost – 100% Grant Funded
Total Cost of Development <i>Covers the total cost of development including land acquisition, engineering and architectural fees, environmental reports, appraisals, city fees, construction, etc.</i>	\$250,000	\$250,000	\$250,000
Monthly Cost for Down Payment Financing <i>approximately 25% of overall development cost. Assumes 5.8% return on investment.</i>	\$300	\$0	\$0
Monthly Cost for Loan Payment <i>approximately 75% of overall development cost. Assumes 4% interest rate.</i>	\$895	\$895	\$0
Monthly Cost for Ongoing Operating Costs and Reserves* <i>Covers property taxes and insurance; utilities; landscaping and general maintenance; basic repairs; property management; and maintenance reserves for painting, new roofs, appliance replacements, etc.</i>	\$500	\$500	\$500
TOTAL Cost per month over 30-year loan term	\$1,695	\$1,395	\$500

*Per the Housing Authority of Thurston County, \$500 per unit is likely a modest amount for well-maintained properties.

Note: This example is intended to give readers an idea of the costs associated with development; actual numbers for a real project will vary.

Source: Housing Authority of Thurston County.

If a non-profit developer has the down payment covered through grant funding (about 25 percent of the total project cost), the cost per unit can be reduced to \$1,395 per month. If the non-profit developer is able to obtain grant funding for the total cost of development, the developer would still need about \$500 per unit per month to cover maintenance and operation costs. For households with extremely low incomes - making less than \$21,000 per year – this may still be a hard ask.

How do these actions reduce housing costs?

Providing affordable housing for the lowest income households and those experiencing homelessness requires significant resources. Right now, those resources are scarce, leaving many households unable to afford a decent and affordable place to live. Many of the actions identified in this plan will not be possible without more funding. The City of Lacey can play a significant role in leveraging local, state, and federal dollars for low-income housing. The City also recognizes the need to collaborate regionally on a funding strategy so that funds are used efficiently and distributed to the areas of greatest need. With


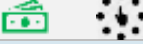
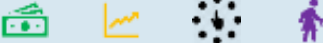

more funding, housing units become more affordable for households when costs for developing and maintaining units are reduced.



While the City has some capacity to increase funding, Chapter 4 recognizes the need for action at the state and federal level to increase funding for affordable housing.

How do these actions address equity?

People of color are disproportionately low-income, at risk of experiencing homelessness, or homeless. However, many of the actions in this plan to address these issues will be impossible to implement without additional funding.

Table 3-9. Actions that establish a permanent source of funding for low-income housing

Actions that establish a permanent source of funding for low-income housing	Implementation Status												
<p>6.a. Develop a comprehensive funding strategy for affordable housing that addresses both sources of funding and how the funds should be spent.</p> <p><i>Gaps/Needs Addressed:</i></p> 													
<p>6.b. Establish an affordable housing property tax levy to finance affordable housing for very low-income households.</p> <p><i>Gaps/Needs Addressed:</i></p> 													
<p>6.c. Establish an affordable housing sales tax.</p> <p><i>Gaps/Needs Addressed:</i></p> 													
<p>6.d. Establish a regional housing trust fund to provide dedicated funding for low-income housing.</p> <p><i>Gaps/Needs Addressed:</i></p> 													
<p style="text-align: center;">Key</p> <table border="0" style="width: 100%;"> <tr> <td colspan="2">Gaps and Needs</td> <td colspan="2">Implementation Status</td> </tr> <tr> <td> = Affordability</td> <td> = Supply</td> <td> = Variety</td> <td> Action Pending</td> </tr> <tr> <td> = Improvements</td> <td> = Stability</td> <td> = Supportive Housing</td> <td> Action Implemented</td> </tr> </table>		Gaps and Needs		Implementation Status		= Affordability	= Supply	= Variety	Action Pending	= Improvements	= Stability	= Supportive Housing	Action Implemented
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= Improvements	= Stability	= Supportive Housing	Action Implemented										

Actions that establish a permanent source of funding for low-income housing	Implementation Status
<p>6.e. Capture the value of city investments (utilities, roads, etc.) that increase private investments in neighborhoods, especially in areas with planned or existing transit.</p> <p><i>Gaps/Needs Addressed:</i></p>  	

Key	
<p>Gaps and Needs</p>  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	<p>Implementation Status</p>  Action Pending  Action Implemented

Chapter 4.

Legislative Needs

The Housing Action Plan identified a number of barriers to affordable housing that need to be addressed at the state or federal level. Cities the size of Lacey, Olympia, and Tumwater are not the best suited to leverage sufficient funding to meet the needs identified in this plan. They need state and federal government relief to fill the gap. Loss of funding at either the state or federal level can have severe impacts at the local level. A joint legislative agenda developed by the Cities of Lacey, Olympia, and Tumwater will be necessary to address these issues.

Many of the actions in this plan require funding — especially actions to create affordable housing for the lowest income households and people moving out of emergency and temporary housing situations. Therefore, an important part of this legislative agenda is the need for funding for the construction and maintenance of low-income housing and permanent supportive housing.

State Legislative Agenda

- Increase funding for low-income housing construction.
- Increase funding for permanent supportive housing for those recently experiencing homelessness and moving out of emergency/transitional housing.
- Increase funding for renovating low-income housing to address accessibility upgrades, energy efficiency retrofits, and indoor health (e.g. lead and mold).
- Reform Washington’s condo liability laws.
- Amend the Manufactured/Mobile Home Landlord-Tenant Act — such as in [HB2610](#) — to provide protections for tenants in the event of a sale.

-
- Allow tax increment financing.
 - Require a portion of the Washington State Housing Trust Fund to be used for affordable homeownership projects.
 - Update the multifamily tax exemption program to include projects that support homeownership opportunities.

Federal Legislative Agenda

- Reduce tariffs that raise housing construction costs, making it more expensive to build housing. Example: the cost of softwoods (heavily used in construction) from Canada are up by about 25 percent.
- Increase federal Housing and Urban Development (HUD) funding for affordable housing, including housing vouchers and funding for the Community Development Block Grant (CDBG) program, the Self-Help Homeownership Opportunity Program (SHOP), and the Home Investment Partnerships Program (HOME).
- Examine the effect of Davis-Bacon Act prevailing wage requirements on small, non-profit housing developers.
- Increase funding for down payment assistance. This could include providing tax credits for first-time home buyers with low-income, targeted down payment assistance for disadvantaged populations and communities of color, and increased funding for homeownership savings programs like Assets for Independence and the Family Self-Sufficiency initiative.
- Support the Neighborhood Homes Improvement Act tax credit, which would make it economically feasible to rehabilitate distressed homes for homeownership and expand affordable homeownership opportunities for local residents.

Appendix A.

Action Details

This appendix includes a fuller description of what each action included in this plan entails. Where appropriate, the appendix includes applicable information on what the Cities of Lacey, Olympia, and Tumwater can or have done as well as resources with more information. The actions are grouped into their strategy categories:

1. Increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.
2. Make it easier for households to access housing and stay housed.
3. Expand the overall housing supply by making it easier to build all types of housing projects.
4. Increase the variety of housing choices.
5. Continually build on resources, collaboration, and public understanding to improve implementation of housing strategies.
6. Establish a permanent source of funding for low-income housing.

Strategy 1: Increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.

1.a. Donate or lease surplus or underutilized jurisdiction-owned land to developers that provide low-income housing.

In areas with high land costs, acquiring suitable land can add significant expense to an affordable housing project. Public lands can be donated or leased to affordable housing developers, thereby reducing the cost of development. In this case, affordable housing means housing for households with incomes 80 percent or less of the area median income.

When a jurisdiction does not own land appropriate for housing development, purchasing such land may be an appropriate measure. The land can then be donated or leased to developers that provide low-income housing.

For more information on donating public lands, see [RCW 39.33.015](#).

1.b. Require Planned Residential Developments (PRDs)/Planned Unit Developments (PUDs) for low-density development and include standards for including low-income housing.

Planned Residential Developments (PRDs) and Planned Unit Developments (PUDs) are intended to provide a developer flexibility when designing very large subdivisions. Generally, flexibility is provided in terms of lot size and housing types. Requiring low-income housing as part of low-density PUDs/PRD can introduce a greater variety of housing of low-density housing types (duplexes, small apartment buildings, cottage housing, etc.) into a new neighborhood and ensure the neighborhood is affordable for a wider range of households. This may also encourage the private sector to partner with non-profits such as Habitat for Humanity to develop detached single-family homes for low-income households.

Low-density developments are more likely to consist only of detached single-family homes. Requiring PRDs/PUDs for low-density development can encourage more housing types in such developments. Requiring low-income housing in PRD/PUD proposals is a type of inclusionary zoning (income-restricted affordable housing must be included as part of new developments).

1.c. Adopt a “Notice of Intent to Sell” ordinance for multifamily developments.

Requiring notice to the city, housing officials, and tenants when the owner of a multifamily development intends to sell gives the city the opportunity to preserve low-income units for the same purpose and tenants ample additional time to prepare for a potential move. Not every multifamily development is appropriate for purchase to preserve affordability, but the notice allows jurisdiction staff the time to consider it. Cities may consider developing a list of criteria to determine the types of multifamily developments they want to preserve, including units currently required to be dedicated for low-income households but which may be converted to market-rate units in the future.

Resources

-
- National Housing Preservation Database. Provides information on developments that have received housing subsidies. As of December 2020, more than 3,000 multifamily units (two or more units in a building) in Thurston County have active subsidies.

1.d. Provide funding for the Housing Authority of Thurston County and other non-profit organizations to buy income-restricted units proposed to be converted to market rate housing. Income-restricted housing units developed or rehabilitated with federal money may in the future be converted to market-rate units. Partnering with HATC and other nonprofit organizations to purchase such units can help preserve housing options for low-income households.

1.e. As part of comprehensive plan and development code changes, include an evaluation of the impact such changes will have on housing affordability, especially for low-income households. Changes to comprehensive plans and development codes should include an evaluation of how they would affect the amount of housing, the types of housing allowed, and the cost to permit, construct, and renovate housing. Evaluating the potential for displacement when affordable units are likely to be lost to redevelopment (such as a mobile home park that is redeveloped) is also appropriate. Particular attention should be given to areas of need identified in the Housing Needs Assessment, including low-income and permanent supportive housing, housing for seniors, and improving and retrofitting existing low-income housing.

1.f. Provide funding for renovating and maintaining existing housing that serves low-income households or residents with disabilities.

Low-income households and landlords that serve such households may not be able to afford costs for improving housing units that require renovation or rehabilitation. Need-based assistance to make home repairs, weatherization improvements, energy efficiency upgrades, and safety upgrades can ensure existing housing affordable to low-income households remains healthy for inhabitants, affordable, and in good repair. Assistance may be in the form of loans, tax reductions, or grants for landlords, homeowners, and tenants.

See also Action 2.b.

1.g. Allow manufactured home parks in multifamily and commercial areas.

Manufactured home parks serve as one of the most affordable housing options for households in the region. If a city has not adopted a dedicated zone for manufactured home parks, it should consider allowing such developments in commercial areas and all multifamily zones.

See also Actions 1.n and 2.c.

This strategy could make it easier to enhance enforcement of property maintenance codes (see Action 1.o.).

1.h. Provide funding for low-income and special needs residents to purchase housing through community land trusts.

Community land trusts provide permanently affordable housing opportunities by holding land on behalf of a place-based community. A non-profit organization, housing land trusts help make homeownership both possible and affordable for low-income households. Locally, the Thurston Housing Land Trust serves all of Thurston County.

1.i. Offer density bonuses for low-income housing.

Density bonuses allow developers to build more housing units than typically allowed if a certain percentage of units are low-income or income restricted. This policy is best implemented in coordination with low-income housing providers. Density bonuses are viable in areas where there is market demand for higher-density housing but do not pencil out where the demand is weak.

1.j. Define income-restricted housing as a different use from other forms of housing in the zoning code.

Defining income-restricted housing as a specific use allows cities to explicitly identify income-restricted housing as a permitted use in residential zones. It also allows cities to establish development regulations specific to low-income housing to streamline its design and permitting, making it a more attractive type of development for developers.

1.k. Offer and/or expand fee waivers for low-income housing developments.

Impact fees, utility connection fees, project review fees, and other fees increase the cost of housing construction. Reducing or waiving fees for low-income housing developments reduces their development costs and acknowledges that providing low-income housing has a positive impact on a community by:

- Ensuring vulnerable households can afford a home.
- Preventing individuals and families from becoming homeless.
- Reducing the cost of providing social services for households in crisis.

The costs for such offsets must be made up elsewhere. According to the Washington State Department of Commerce, reducing or waiving impact fees are most effective when paired with other housing affordability incentives.

See also Action 3.k.

For more information on fee waivers for low-income housing, see:

- [RCW 82.02.060](#) for exempting impact fees for low-income housing.
- [RCW 35.92.380](#) and [RCW 35.92.020](#) for waiving utility connection and other utility fees for low-income persons.
- [RCW 36.70A.540](#) for waiving or exempting fees for affordable housing.

1.l. Require low-income housing units as part of new developments.

Future Thurston County households will have a range of incomes, and a portion of residential development will need to be affordable to low-income households. Requiring low-income housing units – whether for rent or ownership – ensures such units will be built as part of development. Consideration should be given to the number of low-income units required, how they are integrated with market-rate units, and whether thresholds should be enacted that exempt smaller developments from this requirement. This policy is best implemented in coordination with low-income housing providers.

1.m. Fund development projects that increase low-income housing through grants or loans.

Cities can provide funding directly to low-income and permanent supportive housing providers through grants or loans. This recognizes the need for public funding to build low-income housing beyond what market-driven incentives can provide. This action can be best implemented for projects located close to transit and with good access to organizations and agencies that serve low-income households.

1.n. Establish a program to preserve and maintain healthy and viable manufactured home parks.

Manufactured home parks can be prime locations for higher density redevelopment in communities with strong demand for new housing. However, they also serve as one of the most affordable housing options for households in the region. A program that seeks to preserve and maintain healthy and viable manufactured home parks may consider ways to assist:

- Unit owners to purchase the park outright.
- Unit owners to maintain and repair individual manufactured homes.
- Unit owners with funding to replace units that would be better replaced than repaired.
- Unit owners with funding for relocation when a park cannot be preserved.
- Park owners with making service and utility upgrades.
- Park owners with converting from septic to sewer service.

See also Actions 1.g and 2.c.

1.o. Enhance enforcement of property maintenance codes to keep housing in good repair.

Property maintenance codes are intended to ensure the health, safety, and welfare of the public is adequately protected. Improved enforcement can help ensure pest infestations, lack of sanitary conditions, presence of mold, and structural issues are addressed in a timely fashion, thereby protecting homeowners, tenants, and the public at large. Enforcing adopted property maintenance codes is difficult due to the time, staffing, and funding needed to identify and address issues as they arise.

This strategy could have a negative impact on low-income households if resources are not also made available to such households (or their landlords) to make required repairs (see Action 1.f).

1.p. Partner with low-income housing developers (such as Habitat for Humanity) to expand homeownership opportunities.

Affordable homeownership opportunities allow low-income households to build wealth. Local jurisdictions can go beyond their own capabilities to encourage affordable homeownership opportunities by partnering with local housing groups and non-profit developers. This may include providing funding, gifting publicly owned property, supporting grant applications, providing assistance to property owners, and other programs that increase affordable homeownership opportunities. See also Action 1.a.

Strategy 2: Make it easier for households to access housing and stay housed.

2.a. Provide displaced tenants with relocation assistance.

Displacement can happen for a variety of reasons through no fault of the tenant. As redevelopment becomes a more attractive option than keeping a development as is, households – especially low-income households – can be displaced. Moving costs money, and low-income households may not have the funds available for making a required move. State law authorizes local governments to adopt an ordinance requiring developers to provide displaced tenants with relocation assistance to households that have an income of 50 percent or less of the area median income. Cities and counties can also dedicate public funds or use a combination of public and private funds for relocation assistance. When public action results in tenant displacement, relocation assistance is required.

For more information on relocation assistance, see RCW 59.18.440 (developer action) and RCW 8.26 (public action).

2.b. Partner with local trade schools to provide renovation and retrofit services for low-income households as part of on-the-job-training.

According to a 2019 housing memorandum prepared by PNW Economics, LLC and LDC, Inc. for the Washington State Department of Commerce, the majority of general contracting firms struggle to find skilled tradespeople (Issues Affecting Housing Availability and Affordability, p. 71.) Trade schools, apprenticeship programs, and other professionals that provide repair, retrofit, and renovation services to homeowners can scale up training with the help of homeowners who are in need of services at reduced rates.

This action may require additional assistance to the household to accomplish (Action 1.f).

2.c. Rezone manufactured home parks to a manufactured home park zone to promote their preservation.

Manufactured home parks provide some of the most affordable, non-subsidized forms of housing in Thurston County. Occupants of manufactured and mobile homes who own their unit lease the land under the unit. As property values rise, pressure to redevelop manufactured home parks increases, putting unit owners at risk of having to move (which can be costly) and being unable to find a new place to establish their home. Rezoning such developments to a manufactured home park zone can limit the types of development allowed in the zone and result in a more thorough public review process if rezoning is proposed.

See also Actions 1.g and 1.n.

2.d. Adopt a “right to return” policy.

A “right to return” policy prioritizes down payment assistance for first-time home buyers that have been displaced due to direct government action. Establishing a right to return policy should only occur if the city has also established a down payment assistance program (see Action 2.f.).

2.e. Adopt short-term rental regulations to minimize impacts on long-term housing availability. When a property owner rents out an entire living unit on a short-term basis (generally a period of time less than 30 days), that housing unit cannot be used for the community's long-term housing needs. Regulating short-term rentals can reduce negative impacts to the housing market as well as the neighborhood where the short-term unit is located. While this action is most effective in communities that attract a robust tourism base, establishing regulations/registration for this use ensures the city can track the impact short-term rentals have on long-term rentals.

2.f. Establish a down payment assistance program.

Washington State has a number of programs that provide down payment assistance to first time and low-income home buyers. Establishing a down payment assistance program at the local level can assist more households in the Thurston County community towards the goal of homeownership. Down payment assistance typically takes the form of a low- or no-interest loan to the home buyer, which can be paid back as part of the mortgage or at the time the mortgage is paid off, the home is sold/transferred to a new owner, or the property is refinanced.

For more information on state down payment assistance programs, see the Washington State Housing Finance Commission.

2.g. Identify and implement appropriate tenant protections that improve household stability.

Tenant protections help avoid or slow the process of displacement for households by preserving housing units, a household's tenancy, or access to information and assistance. Examples of tenant protections include but are not limited to:

- Adopting a just cause eviction ordinance that requires landlords to provide tenants with a legally justifiable reason for the eviction.
- Adopting a preservation ordinance, requiring developers to replace affordable housing units demolished as part of redevelopment.
- Adopting an eviction mitigation ordinance to find ways to mutually end a rental agreement rather than evicting tenants.
- Adopting an opportunity to purchase policy that better involves tenants in the decision-making process when a dwelling unit is to be sold.
- Developing a program to incentivize landlords to accept tenants with poor credit or criminal history.
- Improving enforcement of landlord/tenant laws.
- Increasing a tenant's access to legal assistance for landlord/tenant issues.
- Limiting or regulating fees associated with rental housing applications.
- Requiring landlords to establish payment plans for tenants that get behind on rent.

Each tenant protection has positive and negative aspects that should be reviewed and considered before implementing, and both tenants and landlords should be involved in the review process. For

more information on protections offered by the Residential Landlord Tenant Act, see [Chapter 59.18 RCW](#).

Strategy 3: Expand the overall housing supply by making it easier to build all types of housing projects.

3.a. Offer developers density and/or height incentives for desired unit types.

Increasing height limits or the number of dwelling units per acre can provide an incentive for developers to include desired unit types. Desired unit types depend on the neighborhood or policy context and could include defining the type of building (courtyard apartment or manufactured home, for example), the need for income-restricted units, units of a certain size, or units containing a certain number of bedrooms.

3.b. Allow third-party review of building permits for development projects.

While retaining control of issuing building permits, a city may find third-party reviews helpful for maintaining good customer service and ensuring reviews are timely as demand for reviews increase or the permit counter is short-staffed. Third-party reviews may also be employed if expedited review policies are established.

As of January 2021, the Cities of Lacey, Olympia, and Tumwater have each indicated building permit review times are generally within acceptable time frames for review.

3.c. Develop a plan for adapting vacant commercial space into housing.

New technology – and the current COVID-19 pandemic – are changing how people work and shop. The increase in telework decreases the need for office space. More online shopping increases the need for warehouses but decreases the need for brick-and-mortar retail space.

Planning for converting vacant commercial office and retail space with low market value into residential use can meet the needs of property owners losing rents and households needing housing. A streamlined permitting process can help transition vacant commercial space into needed residential units.

3.d. Expand allowance of residential tenant improvements without triggering land use requirements.

For improvement projects that add housing but have minimal neighborhood impacts – such as accessory dwelling units (ADUs) or conversions from single-family to a duplex or triplex, – waiving building, engineering, and land use requirements can reduce the cost to the property owner or developer. Before implementing, cities should consider the impact of waiving requirements for parking, frontage improvements, landscaping improvements, etc. as waving some standards may not be appropriate given the context of the neighborhood.

3.e. Reduce parking requirements for residential uses, including for multifamily developments near frequent transit routes.

Because parking can be expensive to install or take up valuable site area, reducing parking associated with new development or redevelopment can lower overall development costs. Reducing parking requirements can result in increased density and be an appropriate trade-off when the development is near transit routes that receive frequent service. Additionally, fewer residents are likely to own vehicles in areas within walking distance of frequent bus service or neighborhood centers.

3.f. Identify strategically placed but underdeveloped properties and determine what barriers exist to developing desired housing types.

It is not always clear why a property especially suitable for residential development is underutilized. Identifying existing barriers can lead to a better understanding of how existing codes, infrastructure, and market conditions affect the viability of development projects that contain desired unit types. Desired unit types depend on the neighborhood or policy context and could include defining the type of building (four-story building or courtyard apartments, for example), the need for income-restricted units, units of a certain size, or units containing a certain number of bedrooms. Identifying barriers may lead to the city making investments in roads or utilities and present an opportunity to capture the value of city investments that spur private development (see Action 6.e). Barrier identification may also lead to changes to improve/streamline city codes, policies, and processes.

3.g. Increase minimum residential densities.

Increasing minimum residential densities allows more dwelling units to be built per acre of land, can reduce the cost of each housing unit, increases the likelihood of public transit ridership, improves a neighborhood's walkability, and reduces the per housing unit cost of providing urban services (water, sewer, garbage, etc.).

3.h. Reduce minimum lot sizes.

Like increasing minimum residential densities, reducing minimum lot sizes allows more dwelling units to be built per acre of land, can reduce the cost of each housing unit, increases the likelihood of public transit ridership, improves a neighborhood's walkability, and reduces the per housing unit cost of providing urban services (water, sewer, garbage, etc.). For low-density developments like single-family neighborhoods, it also allows for smaller and low-maintenance yards.

3.i. Lower transportation impact fees for multifamily developments near frequent transit service routes.

Transportation impact fees are one-time charges assessed by a local government against a new development project to help pay for establishing new or improving existing public streets and roads. The streets and roads must be included in a community's Comprehensive Plan. The fee must directly address the increased demand on that road created by the development. For multifamily developments near

frequent transit service routes, the idea is that many residents and visitors are able to utilize the public transit system, thereby reducing the impact of the development on public streets and roads.

January 2021 Transportation Impact Fees (rounded to the nearest dollar)

- **Lacey:** \$610-\$3,989 per dwelling unit. Varies according to unit type with detached single-family dwellings having the highest fees.
- **Olympia:** \$728-\$3,219 per dwelling unit. Varies according to unit type with detached single-family dwellings having the highest fees.
- **Tumwater:** \$497-\$3,919 per dwelling unit. Varies according to unit type with detached single-family dwellings having the highest fees. Assisted living facilities have a fee of \$439 per bed.

3.j. Expand the multifamily tax exemption to make it available in all transit corridors.

The Cities of Lacey, Olympia, and Tumwater have each established a multifamily tax exemption (MFTE) program but utilize the program for specific areas of their respective communities where they desire a more urban residential or mixed-use pattern of development. The target areas as of January 2021 are:

- **Lacey:** Applies to the Woodland District.
- **Olympia:** Generally applies to downtown Olympia and portions of Harrison Avenue and State/Fourth Avenues.
- **Tumwater:** Generally applies to the Brewery District, Capitol Boulevard Corridor, Tumwater Town Center, and the Littlerock Road Subarea.

Opening the program to transit corridors can lead to more units being constructed in areas with low transportation costs and more units – at least for a time – affordable to low-income households.

3.k. Allow deferral of impact fee payments for desired unit types.

New development impacts existing municipal and community investments, and impact fees are a way to ensure new development pays their fair share. Impact fees may be delayed, but they must be paid before the impact is realized. Delaying payment of such fees allows a developer building desired unit types to spread the costs of a development over a longer period of time. State law already requires the Cities of Lacey, Olympia, and Tumwater to establish a system for deferring impact fee payments for small, single-family residential developments. This action would expand the deferral program to developments with desired unit types.

Desired unit types depend on the neighborhood or policy context and could include defining the type of building (courtyard apartment or manufactured home, for example), the need for income-restricted units, units of a certain size, or units containing a certain number of bedrooms.

See also Action 1.k.

3.l. Simplify land use designation maps in the comprehensive plan to help streamline the permitting process.

Development must be consistent with a community’s comprehensive plan; broad land use categories in the comprehensive plan provide the vision while more precise land use zones provide the implementation framework. Land use designations that are too specific in a comprehensive plan may require a developer to apply for a comprehensive plan amendment in addition to a zone change. Because comprehensive plan amendments are typically considered only once a year, this can slow the permitting process down substantially.

- **Lacey:** 33 land use designations in the Comprehensive Plan implemented by 33 land use zones.
- **Olympia:** 15 future land use designations in the Comprehensive Plan implemented by 33 land use zones.
- **Tumwater:** 19 future land use designations in the Comprehensive Plan implemented by 19 land use zones.

3.m. Integrate or adjust floor area ratio standards.

Floor area ratio (FAR) is the ratio of a building’s total floor area to the size of the property it sits on. Using FAR in place of density limits provides flexibility for developers to utilize more units and unit types. FAR can be used in place of density limits and when larger buildings are desired but using both standards (FAR and density limits) can result in limiting the number of units developed as well as the size of buildings constructed. FAR standards can also be paired with design guidelines to ensure the building form is consistent with existing or desired development.

3.n. Maximize use of SEPA threshold exemptions for residential and infill development.

The State Environmental Policy Act (SEPA) review process is intended to ensure government actions have fully taken into consideration the environment before a decision is made. Actions that will likely result in an adverse impact on the environment must go through a more rigorous review (an environmental impact statement or EIS). Some projects are exempt from the SEPA review process because their impact on the environment is generally considered to be minimal and not adverse, but developments must still meet environmental standards. Single-family and multifamily developments with four or fewer units are automatically exempt from review under SEPA, and state law allows cities to adopt more flexible exemptions. The Cities of Lacey, Olympia, and Tumwater may exempt single-family developments with up to 30 units and multifamily developments with up to 60 units from SEPA review.

Table A-1. Adopted SEPA Exemptions as of January 2021

Exemptions	Development Type	
	Single-Family	Multifamily
Allowed per SEPA	30 units	60 units
Lacey	4 units	60 units
Olympia	9 units	No exemption
Tumwater	9 units	60 units

Infill Exemptions

In order to accommodate infill development, the Cities of Lacey, Olympia, and Tumwater may adopt SEPA exemptions for infill development to help fill in urban growth areas.

To qualify for the infill exemption:

- An EIS must already be issued for the comprehensive plan or the city must prepare an EIS that considers the proposal's use or density/intensity in the exempted area.
- The density of the area to be infilled must be roughly equal to or lower than what the adopted comprehensive plan calls for.
- The development must be residential, mixed-use, or non-retail commercial development. Commercial development that exceeds 65,000 square feet does not qualify for the exemption.
- Impacts to the environment from the proposed development must be adequately addressed by existing regulations.

If a city takes action to adopt an infill exemption before April 1, 2023, the city's action cannot be appealed through SEPA or the courts.

Planned Actions

Up front review and analysis of impacts to the environment can help streamline the process for developments. Individual developments projects associated with an adopted plan (subarea plan or master planned development, for example) can be exempted from further SEPA review when a threshold determination or EIS has been issued for the adopted plan. The threshold determination or EIS for the adopted plan must detail the project-level impacts of the proposed development, thereby forgoing the need for review when the specific project applies for permitting.

For more information, see:

- RCW 43.21C.229 (infill exemptions).
- RCW 43.21C.440 (planned actions).

3.o. Consult with Washington State Department of Transportation as part of the SEPA review process to reduce appeals based on impacts to the transportation element for residential, multifamily, or mixed-use projects.

The State Environmental Policy Act (SEPA) provides citizens with a process for challenge decisions made by jurisdictions and government agencies. While an important tool for holding government accountable, SEPA appeals can slow down projects, adding time and costs to the approval process.

HB 1923 – passed into law in 2019 – recognized that SEPA appeals add cost to infill and affordable housing projects while having minimal impact on transportation systems. The law provides cities with an option to protect SEPA decisions from appeal based on impacts to the transportation element of the environment when:

- The approved residential, multifamily, or mixed-use project is consistent with the adopted transportation plan or transportation element of the comprehensive plan.
- The required impact fees and/or traffic and parking impacts are clearly mitigated under another ordinance.

-
- Washington State Department of Transportation (WSDOT) determines the project would not present significant adverse impacts to the state-owned transportation system.

Consultation with WSDOT as part of the SEPA review process can help streamline the development process. For residential, multifamily, and mixed-use projects that do not meet the criteria above, the right to appeal the SEPA decision is maintained.

For more information, See [RCW 43.21C.500](#).

Strategy 4: Increase the variety of housing choices.

4.a. Increase the types of housing allowed in low-density residential zones (duplexes, triplexes, etc).

As previously discussed, zoning regulations may unintentionally bar disadvantaged populations, including people of color, from neighborhoods due to restrictions on the size and types of housing that are affordable and accessible such to them. When housing in low-density residential zones is generally limited to single-family homes, the zone does not meet community needs for ensuring affordable housing options are available to a wider array of households. Examples of housing types that may be appropriate for low-density zones include but are not limited to:

- Duplexes, triplexes, and quadplexes.
- Townhouses.
- Accessory dwelling units.
- Courtyard apartments.

Not every low-density zone is the same, and some types of housing are more appropriate than others. Cities will need to determine the most appropriate housing types for low-density residential zones.

4.b. Allow more housing types in commercial zones.

Like low-density residential zones, commercial zones may benefit from more diversity in housing types, especially as changes in consumer shopping habits and employer work policies (telework, for example) open opportunities to convert commercial space into housing. Examples of housing types that may be appropriate for commercial zones include but are not limited to:

- Live/work units.
- Multifamily units.
- Townhouses.
- Courtyard apartments.

Not all housing types are appropriate in commercial zones, and analysis will need to be done to determine the most appropriate housing types for a commercial zone.

4.c. Adopt a form-based code to allow more housing types and protect the integrity of existing residential neighborhoods.

A form-based code uses the physical form and design of the public realm (building façade and streetscape) as the framework for regulation rather than the need to separate uses. Because of this, form-based codes are most useful in mixed use zones where the widest variety of uses are already allowed and encouraged. Form-based codes are also useful when the goal is to protect an existing neighborhood character or where developing a cohesive character is desired.

4.d. Allow single-room occupancy (SRO) housing in all multifamily zones.

Single room occupancy housing are rentals units consisting of small rooms intended for a single person to occupy. Kitchen and bathroom facilities are typically shared, as are other amenities offered by the housing facility. SROs and other types of micro housing (dormitories, small efficiency dwelling units, etc.) offer affordable options at both subsidized and market rates. Such uses are appropriate for and can integrate well in multifamily zones.

4.e. Strategically allow live/work units in nonresidential zones.

A live/work unit is a single dwelling unit consisting of both a commercial/office space and a residential component that is occupied by the same resident who has the unit as their primary dwelling. The intent is to provide both affordable living and business space for a resident/business owner. The configuration of the live/work unit can vary:

- Live-within. The workplace and living space completely overlap.
- Live-above. The workplace is below the living space with complete separation between the two.
- Live-behind. The workplace is in front of the living space with complete separation between the two possible.
- Live-in-front. The workplace is behind the living space (typically a single-family dwelling) with some overlap between the two possible.

Although home occupations are a type of live/work unit, the emphasis here is on a more intensive nonresidential component (size, traffic generation, employees on site, etc.) that may not be appropriate to classify as a home occupation. Live/work units may also be appropriate in residential zones. In either case, cities will need to conduct additional analysis to determine the locations and types of uses appropriate for live/work units.

Strategy 5: Continually build on resources, collaboration, and public understanding to improve implementation of housing strategies.

5.a. Conduct education and outreach around city programs that support affordable housing. Providing the public and developers information about affordable housing programs can help households in need find assistance and developers identify resources for building desired unit types. Desired unit types depend on the neighborhood or policy context and could include defining the type of building (triplex or single-room occupancy building, for example), the need for income-restricted units, units of a certain size, or units containing a certain number of bedrooms. Education and outreach can also invite community dialogue on the need for diverse housing options in the community.

5.b. Fund Housing Navigators to assist households, renters, homeowners, and landlords with housing issues.

Housing issues are complex, and so are the resources available to households and landlords. When problems arise or a party needs to find information, having a designated resource to navigate issues and identify resources (development funding, tax assistance, housing opportunities, legal aid, weatherization programs, etc.) gives people more tools to reach their goals.

5.c. Identify and develop partnerships with organizations that provide or support low-income, workforce, and senior housing as well as other populations with unique housing needs.

Both for-profit and non-profit agencies provide or support low-income, workforce, and senior households. They often have expertise to deliver programs and housing the Cities of Lacey, Olympia, and Tumwater do not have as well as access to funding streams unavailable to the cities. Identifying shared vision and goals can help each organization leverage funding and improve household access to assistance.

5.d. Establish a rental registration program to improve access to data and share information with landlords.

Understanding how many dwelling units are being rented, the types of units being rented, and the cost of rent is important information needed to understand the impacts on landlords and tenants of many of the actions in this plan. It also provides the Cities of Lacey, Olympia, and Tumwater with an easy way to reach out to landlords and tenants, who are both important stakeholders when enacting many of the actions in this plan. This action is particularly suited to being implemented at the regional level and may be appropriate for the cities to develop through the Regional Housing Council. Doing so would ensure the same data is collected across the jurisdictions effectively and economically.

Strategy 6: Establish a permanent source of funding for low-income housing.

6.a. Develop a comprehensive funding strategy for affordable housing that addresses both sources of funding and how the funds should be spent.

Without a comprehensive funding strategy, it will be difficult to ensure dollars earmarked for developing affordable housing in the community are used to their full effect and meet the greatest need. A comprehensive funding strategy takes into consideration how the funds can be used, whether they can be leveraged to obtain other funding (grants, loans, etc.), and the types of projects the funding can support. This action is particularly suited to being implemented at the regional level and may be appropriate for the cities to develop through the Regional Housing Council.

6.b. Establish an affordable housing property tax levy to finance affordable housing for very low-income households.

The Cities of Lacey, Olympia, and Tumwater may impose a property tax levy up to \$0.50 per \$1,000 of a property's assessed value to fund affordable housing. The levy must be used for low-income households.

The levy, which lasts for up to 10 years, can only be enacted if:

- The city declares an emergency exists concerning the availability of affordable housing for households served by the levy.
- A majority of voters approve it.
- The city adopts a financial plan for spending the money.

If a property tax levy were enacted at the maximum rate of \$0.50 per \$1,000 of assessed value, homeowners can expect their property taxes to go up. This amounts to \$175 per year for a home valued at \$350,000 (Table A-2). Households that rent can expect their monthly rent to increase on average between \$6.71 and \$11.91 each month, depending on the type of unit rented.

Table A-2. Additional costs to households with a \$0.50 per \$1,000 property tax levy

Owner-Occupied*		Renter-Occupied	
Assessed Value	Additional Property Taxes (annual)	Building Size	Additional Monthly Rent (average) per unit
\$350,000	\$175	Single-Family Dwelling	\$11.91
\$450,000	\$225	2-, 3-, and 4-plex units	\$9.04
\$550,000	\$275	5+ unit apartments	\$6.71

Note: Rates for owners only apply to detached single-family homes. Costs – which are rounded – are based on the 2017 total assessed value of all taxable non-exempt properties and are adjusted for inflation to 2020 dollars.

Source: Thurston County Assessor.

Thurston County also has the ability to establish a property tax levy. If both cities and Thurston County impose the levy, the last jurisdiction to receive voter approval for the levies must be reduced or eliminated so that the combined rate does not exceed the \$0.50 per \$1,00 of assessed property value.

If the Cities of Lacey, Olympia, and Tumwater each enact the levy, nearly \$9.7 million could be collected for affordable housing in 2021 (Table A-3). If the tax levy were adopted countywide, more than \$30 million would be available to serve low-income households in 2021. This includes developing new housing, enabling affordable homeownership, and making home repairs.

Table A-3. Potential affordable housing funding from maximum property tax levy

Jurisdiction	2020 Assessed Property Values	Potential Affordable Housing Funds
Lacey	\$7.4 billion	\$3.7 million
Olympia	\$8.2 billion	\$4.1 million
Tumwater	\$3.9 billion	\$1.9 million
TOTAL (cities only)	\$19.5 billion	\$9.7 million
TOTAL (Countywide)	\$31.5 billion	\$31.5 million

Note: Values – which are rounded – are based on the 2020 total assessed value of taxable non-exempt properties. Potential affordable housing funds are based on the total assessment of all properties combined.

Source: Thurston County Assessor.

Property Tax Levies

- **Lacey:** has not established a property tax levy.
- **Olympia:** has not established a property tax levy.
- **Tumwater:** has not established a property tax levy.
- **Thurston County:** has not established a property tax levy.

For more information, see [RCW 84.52.105](#).

6.c. Establish an affordable housing sales tax.

Beginning in 2020, cities may establish a 0.1 percent affordable housing sales tax by legislative authority or by voter approval. At least 60 percent of the revenue must be used for one or more of the following:

- Constructing affordable housing (new construction or retrofitting an existing building).
- Constructing facilities providing housing-related services.
- Constructing mental and behavioral health-related facilities.
- Funding the operations and maintenance costs of the above three projects.

Thurston County can also establish the affordable housing sales tax. If it does so before the Cities of Lacey, Olympia, and Tumwater, the cities will not be able to establish their own funds. If the cities and Thurston County impose the sales tax, the County must provide a credit to the cities for the amount they would have collected. If the Cities of Lacey, Olympia, and Tumwater had been able to enact an

affordable housing sales tax in 2019, nearly \$5 million would be available to serve low-income households (Table A-4).

For more information, see [RCW 82.14.530](#).

Table A-4. Potential affordable housing funding from maximum affordable housing sales tax in 2019

Jurisdiction	2019 Taxable Retail Sales	Potential Affordable Housing Funds
Lacey	\$1.5 billion	\$1.5 million
Olympia	\$2.4 billion	\$2.4 million
Tumwater	\$0.9 billion	\$0.9 million
TOTAL (cities only)	\$4.8 billion	\$4.8 million
TOTAL (countywide)	\$6.2 billion	\$6.2 million

Note: Taxable retail sales are rounded.

Source: Washington State Department of Revenue, [Taxable Retail Sales](#).

Affordable Housing Sales Tax

- **Lacey:** has not established an affordable housing sales tax.
- **Olympia:** established an affordable housing sales tax in 2018, referred to as the “Home Fund.” Approximately 65 percent of funds are dedicated to construction projects and 35 percent to housing program operations. Must be re-authorized by voters in 2028.
- **Tumwater:** has not established a sales tax.
- **Thurston County:** has not established an affordable housing sales tax.

6.d. Establish a regional housing trust fund to provide dedicated funding for affordable housing. Housing trust funds are distinct funds established by local governments to receive funding to support housing affordability. It is not an endowment that operates from earnings but acts as a repository, preventing funds from being coopted for other purposes. Establishing a housing trust fund is particularly suited to being implemented at the regional level and may be appropriate for the cities to develop through the Regional Housing Council.

6.e. Use value capture to generate and reinvest in neighborhoods experiencing increased private investment (with a focus on areas with planned or existing transit).

Value capture is a type of public financing that recovers some or all the value public infrastructure generates for private landowners. When roads are improved, water and sewer lines extended, or new parks or public amenities developed, property values tend to increase. Value capture is best planned for from the outset of a project and can include developer contributions and special taxes and fees.

Appendix B.

Considered Actions

In developing this plan, many actions were considered, though not all were included. This appendix provides a full list of the actions considered in the plan’s development. Where appropriate, explanations for why an action was excluded are included. Actions were developed and refined over six months and the wording may not match previous versions.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (1.a)	Donate or lease surplus or underutilized jurisdiction-owned land to developers that provide low-income housing.	
Excluded	Create shovel-ready housing developments that can be handed off to a developer to construct.	Action is out of scale with what our region can reasonably accomplish. Cities do not have the budgets or expertise to perform this action.
Excluded	Purchase property with the intent to donate or lease to developers that provide income-restricted affordable housing.	Combined with Action 1.a.
Included (3.a)	Offer developers density and/or height incentives for desired unit types.	

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (1.b)	Require PRDs/PUDs for low-density development and include standards for including low-income housing.	
Excluded	Make regulations and permit processing more predictable, to remove some uncertainty for both builders and lenders.	Action not specific enough. Other actions more specifically address the need to improve predictability of regulations and permit processing.
Excluded	Allow third-party review and approval of development projects (anytime OR when cities are backlogged).	See Action 3.b.
Included (3.b)	Allow third-party review of building permits for development projects.	
Excluded	Adopt a single development code for Lacey, Olympia, Tumwater, and the UGAs to make regulations and permit processing more predictable.	Each community has a different identity with a desire for different standards.
Excluded	Waive reviews for energy code compliance when a project receives a green building certification.	It does not appear that a green building certification actually makes housing more affordable vs. complying with energy code. In the right market conditions, may be an incentive to buy.
Excluded	Require shot clocks for permit processing.	State law already requires timelines for review, and each city is able to accomplish their reviews in a timely manner.
Included (1.c)	Adopt a "Notice of Intent to Sell" ordinance for multifamily developments.	
Included (1.d)	Provide funding for the Housing Authority of Thurston County and other non-profit organizations to income-restricted units proposed to be converted to market rate housing.	
Included (2.a)	Provide displaced tenants with relocation assistance.	
Implemented	With major comprehensive plan updates, confirm land is suitably zoned for development of all housing types.	
Excluded	On a regular basis, hold a series of community meetings to discuss how housing and zoning regulations affect equity goals.	See Action 5.a.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (4.a)	Increase the types of housing allowed in low-density residential zones (duplexes, triplexes, etc).	
Excluded	Allow more housing types in commercial and industrial zones.	See Action 4.c.
Included (4.b)	Allow more housing types in commercial zones.	
Included (4.c)	Adopt a form-based code for mixed-use zones to allow more housing types and protect the integrity of existing residential neighborhoods.	
Included (3.c)	Develop a plan for adapting vacant commercial space into housing.	
Included (3.d)	Expand allowance of residential tenant improvements without triggering land use requirements.	
Excluded	Prior to finalizing a draft for public review, vet comprehensive plans and development code changes with the development community to ensure desired housing types and locations are supported by market conditions.	See Action 1.e.
Included (1.e)	As part of comprehensive plan and development code changes, include an evaluation of the impact such changes will have on housing affordability, especially for low-income households.	
Implemented	Recognize modular/manufactured housing as a viable form of housing construction.	
Excluded	Provide for a dynamic mix of residential land uses and zones in order to create a diverse mix of sites available for different housing types	This action is already implemented. .
Implemented	Simplify requirements for accessory dwelling units (ex: title notification, owner living on site, etc.).	

Action Status (Plan Reference)	Action	Explanation for Exclusion
Implemented	Allow accessory dwelling units in all residential zones.	
Excluded	Allow accessory dwelling units in commercial zones.	Not an issue that's ever been raised to staff; need to focus on actions that have real and lasting impacts.
Included (3.e)	Reduce parking requirements for residential uses, including for multifamily developments near frequent transit routes.	
Included (3.f)	Identify strategically placed but underdeveloped properties and determine what barriers exist to developing desired housing types.	
Excluded	Identify strategically placed properties where up zoning is appropriate.	see Action 3.f.
Implemented	Require minimum residential densities.	
Included (3.g)	Increase minimum residential densities.	
Included (3.h)	Reduce minimum lot sizes.	
Excluded	Support and plan for assisted housing opportunities using federal, state, or local aid.	Action not clear/specific enough
Excluded	Support diverse housing alternatives and ways for older adults and people with disabilities to remain in their homes and community as their housing needs change.	Action not specific enough. Other actions more specifically address the need to support diverse housing alternatives for seniors.
Excluded	Retain existing subsidized housing.	None of the cities have subsidized units at this time, so it is not an action they would pursue. Other actions can support other entities in retaining existing subsidized housing.
Excluded	Encourage new housing on transportation arterials and in areas near public transportation hubs.	Action not specific enough. See Actions 3.i and 3.e for actions that more specifically address the issue of housing near transportation facilities.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (3.i)	Lower transportation impact fees for multifamily developments near frequent transit service routes.	
Excluded	Reduce parking requirements for multifamily developments near frequent transit routes.	Combined with Action 3.e.
Implemented	Allow group homes in all residential zones and commercial zones that allow residential uses.	
Excluded	Limit the density of group homes in residential areas to prevent concentration of such housing in any one area.	May create a hindrance to ensuring there is enough housing opportunities for seniors. There are nearly 150 adult family homes in Thurston County now; their concentration in any one area is not known to be an issue.
Included (1.f)	Provide funding for renovating and maintaining existing housing that serves low-income households or residents with disabilities.	
Excluded	Support programs to improve energy efficiency, health conditions and public recognition of improvements in low-income rental housing	Statewide need - not just a local need. Combined with Action 1.f.
Excluded	Fund programs that improve the energy efficiency and health conditions in low-income rental housing.	Combined with Action 1.f.
Excluded	Encourage self-help housing efforts and promote programs in which people gain home equity in exchange for work performed in renovation or construction.	Action not specific enough. See Action 1.p.
Included (1.p)	Partner with local trade schools to provide renovation and retrofit services for low-income households as part of on-the-job-training.	
Excluded	Establish a manufactured home park zone to promote their preservation.	See Action 2.c.
Included (2.c)	Rezone manufactured home parks to a manufactured home park zone to promote their preservation.	
Included (1.g)	Allow manufactured home parks in multifamily and commercial areas.	

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (1.h)	Provide funding for low-income and special needs residents to purchase housing through community land trusts.	
Excluded	Fund programs that prevent homelessness for persons returning to the community from institutional or other sheltered settings (including foster care).	Action better suited to the Thurston County Homeless Response Plan.
Excluded	Fund self-sufficiency and transitional housing programs that help break the cycle of homelessness.	Deals with a temporary/emergency housing situation better addressed through the Regional Housing Council and other, more targeted efforts to address homelessness.
Excluded	Provide funding to the Regional Housing Council for temporary emergency housing programs.	Deals with a temporary/emergency housing situation better addressed through the Regional Housing Council and other, more targeted efforts to address homelessness.
Implemented	Adopt design standards that assist new forms or high-density housing and promote infill.	
Included (4.d)	Allow single-room occupancy (SRO) housing in all multifamily zones.	
Included (4.e)	Strategically allow live/work units in nonresidential zones.	
Excluded	Promote PUD/PRD and cluster subdivisions.	See Action 5.a.
Implemented	Establish a multifamily tax exemption.	
Included (6.a)	Develop a comprehensive funding strategy for affordable housing that addresses both sources of funding and how the funds should be spent.	
Excluded	On a regular basis, evaluate the effectiveness of how the multifamily tax exemption is being used to further affordable housing goals.	
Included (6.b)	Establish an affordable housing property tax levy to finance affordable housing for very low-income households.	
Included (6.c)	Establish an affordable housing sales tax.	

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (3.j)	Expand the multifamily tax exemption to make it available in all transit corridors.	
Included (1.i)	Offer density bonuses for low-income housing.	
Excluded	Require developers to provide income-restricted units as part of low-density developments.	The Thurston Region does not have the market to implement this action. Requires a market evaluation before implementing.
Excluded	Require property owners to provide an affordable housing fee when building homes over a certain size.	The Thurston Region does not have the market to implement this action. Requires a market evaluation before implementing.
Excluded	Establish alternative development standards for affordable housing. (standards in the zoning code to support affordable housing)	Action not specific enough. See Action 1.j.
Included (1.j)	Define income-restricted housing as a different use from other forms of housing in the zoning code.	
Included (1.k)	Offer and/or expand fee waivers for low-income housing developments.	
Excluded	Expand fee waivers for affordable housing developments.	Combined w/ Action 1.k.
Included (3.k)	Allow deferral of impact fee payments for desired unit types.	
Included (1.l)	Require low-income housing units as part of new developments.	
Included (1.m)	Fund development projects that increase low-income housing through grants or loans.	
Included (6.d)	Establish a regional housing trust fund to provide dedicated funding for affordable housing.	
Excluded	Establish a local housing trust fund to provide dedicated funding for low-income housing.	Coordination at the regional scale will have more of an impact than developing individual plans.
Excluded	Create partnerships with local housing groups to increase affordable housing options for seniors and other populations with unique needs.	Combined w/ Action 5.c.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Implemented	Make strategic investments in infrastructure expansion to reduce development costs.	
Included (3.l)	Simplify land use designation maps in the comprehensive plan to help streamline the permitting process.	
Excluded	Inventory housing units dedicated for seniors, low-income households, and ADA-accessible units.	Data should support the actions that result in change.
Excluded	Inventory substandard housing units (units with poor energy efficiency, indoor air quality/mold issues, etc.).	Data should support the actions that result in change.
Included (5.d)	Establish a rental registration program to improve access to data and share information with landlords.	
Excluded	Require the owners of rental properties to obtain a business license.	Data should support the actions that result in change.
Excluded	On a regular basis, inventory rental housing.	Data should support the actions that result in change.
Included (3.m)	Integrate or adjust floor area ratio standards.	
Implemented	Relax ground floor retail requirements to allow residential units.	
Implemented	Reduce setbacks and increase lot coverage/impervious area standards.	
Excluded	Maximize SEPA threshold exemptions for single-family and multifamily development proposals.	See Action 3.n.
Included (3.n)	Maximize use of SEPA threshold exemptions for residential and infill development.	
Excluded	Utilize SEPA exemptions to encourage infill development in urban growth areas	See Action 3.n.
Excluded	Create subarea plans with non-project environmental impact statements.	See Action 3.n.
Excluded	Develop SEPA-authorized "planned actions" to streamline permitting process in designated areas.	See Action 3.n.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (3.o)	Consult with Washington State Department of Transportation as part of the SEPA review process to reduce appeals based on impacts to the transportation element for residential, multifamily, or mixed-use projects.	
Implemented	Process short plat applications administratively.	
Excluded	Process preliminary long plat applications that meet specific requirements administratively.	Can implement this but if even one person requests a public hearing, a public hearing must be held. May not be worth implementing if a public hearing is always anticipated and it has different noticing requirements from the norm (administrative headaches).
Excluded	Market available housing incentives.	See Action 5.a.
Excluded	Establish a foreclosure intervention counseling program.	Already existing programs that fill this need.
Included (1.n)	Establish a program to preserve and maintain healthy and viable manufactured home parks.	
Excluded	Require developers to provide relocation assistance when a manufactured home park cannot be preserved.	
Excluded	Help residents convert manufactured home parks into cooperatives.	See Action #63
Excluded	Adopt a just cause eviction ordinance.	See Action 2.g.
Included (2.d)	Adopt a “right to return” policy.	
Included (2.e)	Adopt short-term rental regulations to minimize impacts on long-term housing availability.	
Included (2.f)	Establish a down payment assistance program.	
Excluded	Establish a property tax assistance program for low-income homeowners.	This may not be in the cities’ purview.
Excluded	Establish a property tax assistance program for homeowners with disabilities.	This may not be in the cities’ purview.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Excluded	Require an impact analysis for new housing and land use proposals.	This action will lead to an increase in housing costs. Transportation impact analyses are already required where needed.
Excluded	Require subsidized housing be integrated with unsubsidized housing.	See Action 1.I.
Excluded	Develop and implement an education and outreach plan for affordable housing options	See Action 5.a.
Included (5.a)	Conduct education and outreach around city programs that support affordable housing.	
Included (5.b)	Fund Housing Navigators to assist households, renters, homeowners, and landlords with housing issues.	
Excluded	Review and, if necessary, update property maintenance codes (including standards for mold/moisture) to keep housing in good repair.	Enforcement of property maintenance codes is really the issue. See Action #76a
Included (1.o.)	Enhance enforcement of property maintenance codes to keep housing in good repair.	
Excluded	Co-locate emergency, transitional, and permanent affordable housing.	This is an action that is taken by the developer; may not be appropriate for the city to require.
Excluded	Working through the Regional Housing Council, identify appropriate locations for emergency housing within each jurisdiction.	This action deals with a temporary/emergency housing situation better addressed through the Regional Housing Council and other, more targeted efforts to address homelessness.
Included (5.c)	Identify and develop partnerships with organizations that provide or support for low-income, workforce, and senior housing as well as other populations with unique housing needs.	
Excluded	Look at options for creating workforce housing.	Action is not specific enough. Need to define what exactly should the cities be doing.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Excluded	Explore creating dormitory-style housing, similar to what colleges have, with common bathrooms and communal kitchens for transitional housing.	See Action 4.d.
Excluded	Identify underutilized properties ripe for redevelopment.	See Action 3.f.
Excluded	Review the recommendations in the Urban Corridors Task Force Report (TRPC, 2012).	Data should support the actions that result in change.
Excluded	Adopt a preservation ordinance.	Combined with Action 2.g.
Included (1.p)	Partner with low-income housing developers (such as Habitat for Humanity) to expand homeownership opportunities.	
Excluded	Identify and remove code and fee impediments/disincentives to affordable housing.	Like equity, need to review all actions through an affordable housing lens. See Action 1.e.
Included (6.e)	Use value capture to generate and reinvest in neighborhoods experiencing increased private investment (with a focus on areas with planned or existing transit).	
Excluded	Limit or regulate fees associated with rental housing applications.	See Action 2.g.
Excluded	Require landlords to establish payment plans for tenants that get behind on rent.	See Action 2.g.
Excluded	Eviction mitigation to find mutual termination of rental agreement instead of evicting tenants.	See Action 2.g.
Excluded	Improve access to enforcement landlord/tenant laws (court enforcement is a barrier).	See Action 2.g.
Excluded	Increase access to legal assistance for landlord/tenant issues (free or sliding scale).	See Action 2.g.
Excluded	Program to incentivize LLs to accept tenants with poor credit or criminal history.	See Action 2.g.
Included (2.g)	Identify and implement appropriate tenant protections that improve household stability.	