



AFFORDABLE HOUSING STRATEGY Factsheet

November 15, 2018

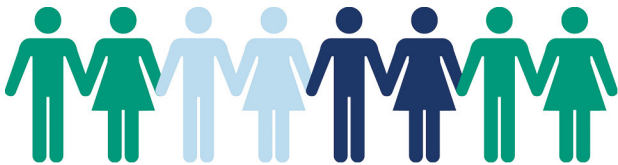
Lacey is in the midst of an affordable-housing crisis.

According to the Washington State Department of Commerce, an estimated 14,000 Thurston County households are cost burdened as renters and an additional 19,000 as owners. That means **nearly 1 in 3 Thurston County households spend more than the recommended 30 percent of their income on housing.** Although the media typically portrays “affordable housing” as a Seattle or King County issue, Thurston County is also experiencing a supply and demand issue. Our **population is increasing at a higher rate than the housing supply.** However, that is only part of the story. **Lacey-area wages have not increased at the same pace as housing costs** (see table on right).



HOUSING PRICES TO INCOME COMPARISON Thurston County, WA

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



WHAT IS AFFORDABLE HOUSING?

Affordability is relative. However, the rule of thumb is **housing costs should account for no more than 30 percent of your income.**

The region provides a limited supply of subsidized housing to help residents stay within the suggested 30 percent housing-cost limit. Access to this subsidized housing is tied to the amount of money you or your

family earns relative to what is known as the Area Median Income, or AMI. (In 2016, Lacey’s household AMI was \$63,286.)

Anyone who falls into one of three Low-Income categories qualifies for public housing through the Housing Authority, or other non-profit housing programs (see table on left).

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
Lacey’s 2016 Household AMI = \$63,286

Rule of Thumb: *Housing costs should account for no more than 30 percent of your income.*



WHAT CONTRIBUTES TO HOUSING UNAFFORDABILITY?



Factors influencing housing unaffordability in our area include:

- Rapid in-migration to Lacey and region due to a healthy economy and quality of life
- Relative affordability (compared to other more expensive areas in the Central Puget Sound Region). 62 percent of the 7,468 households that moved into Thurston County in 2015-16 came from areas where real estate costs were higher than Thurston County

Development costs also play a role in rising home prices.

- Increasing land acquisition costs; especially as large greenfield parcels have been acquired for development
- Impact fees for schools
- Connection fees for water and, especially, sewer
- Increase in construction costs due to a shortage of skilled labor and increases in the costs of materials
- Although the overall downward trend in interest rates over the last 17 years has provided some savings, that trend is beginning to reverse, increasing development costs for builders and monthly payments for purchasers



While these factors place upward pressure on housing prices, income levels have not increased at the same rate as housing costs (see table on other side).

HOW CAN THE CITY HELP?

The City of Lacey is reviewing the following **ACTIONS:**

- Cut or reduce fees for nonprofits building affordable housing
- Expand Multi-Family Tax Exemption to more parts of the City
- Provide city-owned land to nonprofits to build units
- Use County recording fees to support homeless services
- Set aside a higher percentage of city budget for social services
- Reduce fees for private sector development of affordable homes and units
- Reduce minimum lot size requirement and increase zoning density minimums
- Update city code to support temporary housing
- Require new low-income housing to remain low income
- Streamline accessory dwelling unit (ADU) permitting
- Require Inclusionary zoning in designated areas
- Support regional approach to housing levy
- Prioritize infrastructure investment for infill areas needing upgrades



For more information, visit:
ci.lacey.wa.us/HousingStrategy