



# Current Affordable Housing Need and Fair Share Housing Distributions for Thurston County

## Draft Methodology

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## **Policy Framework**

Thurston County's *County-wide Planning Policies* state that the cities, towns and county will institute measures to encourage the availability of affordable housing for *"all incomes and needs and ensure that each community includes a fair share of housing for economic segments of the population"* by:

- Establishing a process to accomplish a fair share distribution of affordable housing among the jurisdictions;
- Working 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 with easy access to public transportation, commercial areas and employment centers;
- Accommodating low and moderate income housing throughout each jurisdiction rather than isolated in certain areas;
- Exploring ways to reduce the costs of housing;
- Examining and modifying policies that provide barriers to affordable housing;
- Encouraging a range of housing types and costs commensurate with the employment base and income levels of their populations, particularly low, moderate and fixed income families;
- When possible, providing 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.

## **1994 Distributions**

The fair share housing distributions were last updated in January 31, 1994 and covered the period between 1991 and 2015. The projections were developed by comparing affordable housing supply versus demand (households) in the base year. Future needs were developed by projecting demand into the future. "Fair share" was defined as an "equal share" by the Urban Growth Management Committee of Thurston Regional Planning Council (TRPC).

## **2013 Update Process**

Current affordable housing needs and fair share housing distributions were updated by TRPC as part of the Sustainable Thurston process, based on methodologies used in Snohomish and Pierce Counties. The methodology and results were reviewed by the Sustainable Thurston Housing Panel on April 15, 2013. The panel is made up of representatives the private, non-profit, and public sectors.

The housing panel discussed on the methodology, uses, and presentation of the fair housing distributions, and recommended that a data table and explanation be prepared for inclusion in the *Consolidated Plan for Thurston County*, to undergo further review and public input.

## Current Affordable Housing Need and Fair Share Housing Distribution

### Current Affordable Housing Need

Current Affordable housing need is defined as cost burdened households, or those households earning less than 80 percent of the County's median household income and spending more than 30 percent of their income on housing. By this definition, **twenty four percent** of households in Thurston County are in need of more affordable housing options.

**Thirty eight percent** of Thurston County's households earn less than 80 percent of the County's median income. Of these households – **sixty four percent** report that they *are cost burdened*, or pay more than 30 percent of their income on housing. Breaking it down even further - one-third of households earning less than 80 percent of median income report that they are *severely cost burdened*, or pay more than half of their income on housing. These households are at high risk of becoming homeless.

**TABLE 1: HOUSEHOLDS, HOUSING, AND COST BURDENED HOUSEHOLDS BY INCOME CATEGORIES FOR THURSTON COUNTY.**

Income, as a percent of the Thurston County median:	Total Households	Dwelling Units Available	Cost Burdened Households
Less than or equal to 50%	20%	18%	16%
50% to 80%	17%	30%	8%
Greater than 80%	62%	52%	n/a

Source: HUD CHAS Data (2005-2009)

**TABLE 2: HOUSEHOLDS IN THURSTON COUNTY BY INCOME CATEGORY AND COST BURDEN.**

Cost Burden	Income, as a percent of the Thurston County median:					< 80% (Low-Moderate Income)
	< 30%	30 to 50%	50 to 80%	80 - 100%	> 100%	
Greater than 50% of income	6,885	3,095	1,790	540	660	11,770
30 to 50% of income	990	4,405	5,375	2,650	5,150	10,770
less than or equal to 30%	1,155	2,645	8,925	6,795	42,350	12,725
Total	9,030	10,145	16,090	9,985	48,160	35,265
<b>As a Percent of Each Income Group</b>						
Severely Cost Burdened (more than 50% of income)	76%	31%	11%	n/a	n/a	33%
Cost Burdened (more than 30% of income)	87%	74%	45%	n/a	n/a	64%

Note: Areas highlighted in yellow represent cost burdened households. Will not add up to 2010 totals due to difference in timeframe.

Source: HUD CHAS Data (2005-2009)

## Available Housing Stock

There is insufficient affordable housing stock in Thurston County to meet the needs of low income households (households earning 50 percent or less of the median income.)

- Twenty percent of Thurston County households earn 50 percent or less than median income; 18 percent of our housing stock is affordable to these households.

Even what housing stock is affordable is not always available. Less than half of the housing stock affordable to low income households is occupied by low income households. Almost 20 percent is occupied by households that could afford to pay twice as much on housing.

This also holds true for moderate income households. Of the available housing stock, much is occupied by higher income households.

Using cost burden to define affordable housing need identifies households that cannot afford their current housing situation while recognizing that higher income households may willingly choose far more economical housing than they can theoretically afford.

Strategies to increase housing affordability could include:

- Economic stability for low and moderate income households (the more they earn, the less likely they are to be cost burdened by housing)
- Increasing housing choices for low and moderate income households, including converting existing housing stock to more affordable units
- Increasing housing choices for median income households to make better use of existing low and moderate income housing stock
- Increasing energy efficiency in low and moderate income housing to reduce housing costs

The updated current affordable housing need distributions not only take into account the current distribution of cost burdened households, but also include two adjustment factors that address the affordability of different areas within Thurston County:

- Average transportation costs
- Proximity to low wage jobs

Current affordable housing need distributions also include an adjustment factor intended to decrease concentrations of affordable housing in any one jurisdiction.

## Future Fair Share Housing Distribution

Total housing in 2035 is from TRPC's Population and Employment Forecast. The forecast was adopted in 2012, and represents a glimpse of where housing and jobs will be located in 2035 based on existing patterns, recent trends, market conditions, and adopted land use plans. The forecast develops projections of both population and dwelling units, based on household size projections at the City and Census Block Group level. The forecast does not project households by income.

Approximately 38 percent of Thurston County households earn less than 80 percent of the County's median income. This is assumed to hold constant into the future. Fair Housing needs for the future were projected giving **Equal Shares** of to each jurisdiction based on projected growth. These shares were adjusted slightly to account for average transportation costs and proximity to low wage jobs.

**TABLE 3: TRPC FAIR HOUSING DISTRIBUTIONS (RENTAL AND OWNER-OCCUPIED HOUSING; CURRENT AND FUTURE DISTRIBUTIONS**

Jurisdiction	Dwelling Units (2010)	Households (2010)	Current Affordable Housing Need <sup>1</sup>	Dwelling Unit Growth 2010-2035	2010-2035 Fair Share Distribution <sup>2</sup>
<b>Thurston County</b>	<b>108,096</b>	<b>100,650</b>	<b>24,263</b>	<b>51,765</b>	<b>19,695</b>
Bucoda & UGA	243	222	<b>24</b>	222	<b>97</b>
Lacey & UGA	31,738	29,479	<b>8,517</b>	13,825	<b>5,955</b>
Olympia & UGA	26,864	25,356	<b>6,784</b>	13,180	<b>5,169</b>
Rainier & UGA	767	703	<b>100</b>	532	<b>150</b>
Tenino & UGA	745	696	<b>111</b>	804	<b>327</b>
Tumwater & UGA	10,568	9,992	<b>1,540</b>	8,600	<b>2,660</b>
Yelm & UGA	3,050	2,804	<b>1,102</b>	7,203	<b>3,273</b>
Grand Mound UGA	376	338	<b>84</b>	309	<b>155</b>
Chehalis Indian Reservation*	22	20	<b>5</b>	32	<b>11</b>
Nisqually Indian Reservation	199	186	<b>23</b>	105	<b>35</b>
Rural/Uninc. Remainder	33,524	30,854	<b>5,972</b>	6,954	<b>1,863</b>

<sup>1</sup> Based on cost-burdened households, adjusted for transportation costs, accessibility to low-wage jobs and current affordable housing stock.

<sup>2</sup> 38 percent of total growth based on expected household income levels, adjusted for transportation costs and accessibility to low-wage jobs.

<sup>3</sup> Excludes those portions in Grays Harbor County.

UGA = unincorporated growth area

## Detailed Methodology

### STEP 1: CALCULATING CURRENT AFFORDABLE HOUSING NEED

#### Current Affordable Housing Need (unadjusted)

The current affordable housing need is equal to the number of cost burdened households. A Cost Burdened Household is one earning 80% or less of the median county income (Low/Moderate Income) and spending 30% or more of their income on housing costs.

**1. Total Households (2010)**

Source: TRPC 2012 Population Forecast

**2. Percent of Households that are Cost Burdened**

**2-A – Percent of Households that are Extremely Cost Burdened** (information only)

Source: HUD CHAS Table 8 (2005-2009). Available for 2000 Census split-tracts (Summary Level 080).

**3. Current Affordable Housing Need (2010, unadjusted)**

Equal to the estimated number of cost burdened households.

Calculated as [1] x [2]

#### Adjustment Factor: Transportation Costs

Transportation costs affect the affordability of housing. This adjustment factor reduces the share of affordable housing in areas with high transportation costs and increases the share in areas with low costs. Increasing the amount of affordable housing in areas with low transportation costs will reduce the overall cost burden on Low/Moderate Income households.

**4. Average Transportation Costs**

Source: Center for Neighborhood Technology 2009 H+T Index. Available for 2000 Census Block Groups.

**5. Transportation Costs Adjustment Factor**

Calculated as the average county-wide transportation costs (\$1,297) divided by the jurisdiction transportation costs [4].

#### Adjustment Factor: Low-wage Jobs

Having housing opportunities near your place of work reduces the distance you need to drive and increases the likelihood of being able to bike or walk to work. This adjustment factor increases the share of affordable housing in areas with a high proportion of low-wage jobs and decreases the share in areas with a low proportion.

**6. Percentage of Jobs that are Low-wage (2010)**

Source: TRPC 2012 Employment Forecast and Washington State Employment Security Department.

Includes jobs in the following NAICS Industries:

44, 45	Retail Trade
53	Real Estate, Rental and Leasing
71	Arts, Entertainment and Recreation

- 72 Accommodation and Food Services
- 81 Other services (except public administration)

**7. Low-wage Job Adjustment Factor**

Calculated as the percentage of jobs in each jurisdiction that are low-wage [6] divided by the county-wide percentage (30.0%).

Adjustment Factor: Existing Affordable Housing

This adjustment is intended to decrease the share of affordable housing in areas that currently have a high proportion of affordable housing. This is intended to prevent concentrations of poverty and to give credit to past efforts in communities to provide affordable housing.

**8. Percentage of Dwelling Units that are Affordable**

An affordable unit is defined as a unit whose rental or owner costs are affordable to a household earning 80% of the county median income.

Source: HUD CHAS Tables 15A, 15B and 15C (2005-2009). Available at the 2000 Census split-tract summary level (080).

**9. Affordable Housing Adjustment Factor**

Calculated as the percentage of units in each jurisdiction that are affordable [8] divided by the county-wide percentage (46.6%).

Current Affordable Housing Need (adjusted)

The three adjustment factors are applied to the unadjusted housing need. The total adjusted need should equal to the total unadjusted need

**10. Current Affordable Housing Need (2010, adjusted)**

Calculated as the product of Columns 3, 5, 7 and 9. If this total does not equal the total in Column 3, the results are redistributed on a pro rata basis.

STEP 2: CALCULATING FUTURE FAIR SHARE HOUSING DISTRIBUTION

Future Affordable Housing Needs (unadjusted)

Currently, roughly 38% of Thurston County households are Low/Moderate Income (earning 80% or less of the county median income). County-wide, this percentage is assumed to be constant for new household between 2010 and 2035.

There are two ways to calculate the jurisdiction-level estimates:

**Equal Share Method:** The percent of new Low/Moderate Income household will be the same as the current county-wide proportion (38.0%). This method reduces concentration of Low/Moderate Income households.

**Current Share Method:** The percent of new Low/Moderate Income household will be the same as the current proportion in each jurisdiction. This method assumes the present income distributions in each jurisdiction do not change.

**11. Total Growth (2010-2035)**

Total New Dwelling units forecasted between 2010 and 2035.  
Source: TRPC 2012 Population Forecast

**12. Percentage of Households that are Low/Moderate Income**

Low/Moderate income Households are defined as earning 80% or less of the county median income.

Source: HUD CHAS Table 8 (2005-2009). Available for 2000 Census split-tracts (Summary Level 080).

**13. Future Affordable Housing Needs (2010-2035): Equal Share Method**

Calculated as [11] x 38.0%

Adjustment Factor: Transportation Costs

See above

**14. Average Transportation Costs**

Source: Center for Neighborhood Technology 2009 H+T Index. Available for 2000 Census Block Groups.

**15. Transportation Costs Adjustment Factor**

Calculated as the average county-wide transportation costs divided by the jurisdiction's transportation costs [4]

Adjustment Factor: Low-wage Jobs

See above

**16. Percentage of Jobs that are Low-wage (2035)**

Source: TRPC 2012 Employment Forecast.  
Includes jobs in the following NAICS Industries:

44	Retail Trade
45	Retail Trade
53	Real Estate, Rental and Leasing
71	Arts, Entertainment and Recreation
72	Accommodation and Food Services
81	Other services (except public administration)

**17. Low-wage Job Adjustment Factor**

Calculated as the percentage of jobs in each jurisdiction that are low-wage divided by the county-wide percentage [6]

Future Affordable Housing Need (adjusted)

The three adjustment factors are applied to the unadjusted housing need. The total adjusted need should be equal to the total unadjusted need

**18. Future Affordable Housing Need (2010-2035, adjusted)**

Calculated as the product of Columns 13, 15, 17. If this total does not equal the total in Column 13, the results are redistributed on a pro rata basis.

[1] [2] [2-A] [3] [4] [5] [6] [7] [8] [9] [10]

Jurisdiction	Households <sup>1</sup> (2010)	% of HHs that are Cost Burdened	% of HHs that are Severely Cost Burdened	Current Affordable Housing Need (2010, unadjusted)	Adjustment Factor: Transportation Costs		Adjustment Factor: Transportation Costs		Adjustment Factor: Existing Affordable housing		Current Affordable Housing Need (2010, adjusted)
					Average Trans. Costs	Adj. Factor	% of Jobs that are Low- wage	Adj. Factor	% of DUs that are Affordable	Adj. Factor	
<b>Thurston County</b>	<b>100,650</b>	<b>24.1%</b>	<b>12.6%</b>	<b>24,263</b>	<b>\$ 1,297</b>	<b>1.00</b>	<b>30.0%</b>	<b>1.00</b>	<b>46.6%</b>	<b>1.00</b>	<b>24,263</b>
Bucoda & UGA	222	17.7%	1.9%	39	\$ 1,489	0.87	41.6%	1.39	89.4%	0.52	24
Lacey & UGA	29,479	23.6%	12.4%	6,968	\$ 1,251	1.04	38.2%	1.27	49.3%	0.94	8,517
Olympia & UGA	25,356	27.1%	14.5%	6,860	\$ 1,191	1.09	29.9%	1.00	50.0%	0.93	6,784
Rainier & UGA	703	21.6%	12.3%	152	\$ 1,458	0.89	26.2%	0.87	54.1%	0.86	100
Tenino & UGA	696	26.7%	12.9%	186	\$ 1,453	0.89	33.3%	1.11	75.7%	0.61	111
Turnwater & UGA	9,992	24.4%	12.6%	2,441	\$ 1,264	1.03	22.2%	0.74	54.9%	0.85	1,540
Yelm & UGA	2,804	30.3%	14.3%	850	\$ 1,361	0.95	40.9%	1.36	45.7%	1.02	1,102
Grand Mound UGA	338	34.1%	7.9%	115	\$ 1,431	0.91	34.9%	1.16	65.6%	0.71	84
Chehalis Indian Reservation*	20	27.1%	12.0%	5	\$ 1,404	0.92	1.6%	1.00 **	47.0%	0.99	5
Nisqually Indian Reservation	186	20.9%	15.4%	39	\$ 1,428	0.91	3.2%	1.00 **	69.4%	0.67	23
Rural/Uninc. Remainder	30,854	21.4%	11.2%	6,606	\$ 1,430	0.91	24.3%	0.81	37.1%	1.25	5,972
Sources:	TRPC 2012 Forecast	HUD CHAS 2005-2009	Calculated	CNT 2009 H+T Index	TRPC 2012, ESD	Calculated	HUD CHAS 2005-2009	Calculated	Calculated	Calculated	

<sup>1</sup> There were 108,096 dwelling units in Thurston County by the 2010 Census Count. 100,650 of these were occupied by households. Using percentages of cost burdened households from CHAS data from 2005-2009, estimates for 2010 were generated.

\*Excludes those portions in Grays Harbor County; \*\* Due to the way jobs are reported on Tribal Reservations, this factor was adjusted to reflect the county-wide average.

**TABLE 4: CURRENT AFFORDABLE HOUSING NEED.**

[11] [12] [13] [14] [15] [16] [17] [18]

Jurisdiction	Growth 2010-2035	% of HHs that are Low/Mod. Income	Future Affordable Housing Needs (unadjusted)	Adjustment Factor: Transportation Costs		Adjustment Factor: Low-wage Jobs		Future Affordable Housing Needs (adjusted)
				Average Trans. Costs	Adj. Factor	% of Jobs that are Low-wage	Adj. Factor	
<b>Thurston County</b>	<b>51,765</b>	<b>38.0%</b>	<b>19,695</b>	<b>\$ 1,303</b>	<b>1.00</b>	<b>30.1%</b>	<b>1.00</b>	<b>19,695</b>
Bucoda & UGA	222	40.7%	84	\$ 1,486	0.88	41.5%	1.38	97
Lacey & UGA	13,825	35.9%	5,260	\$ 1,265	1.03	34.6%	1.15	5,955
Olympia & UGA	13,180	39.2%	5,014	\$ 1,198	1.09	29.9%	0.99	5,169
Rainier & UGA	532	38.8%	203	\$ 1,461	0.89	26.2%	0.87	150
Tenino & UGA	804	50.3%	306	\$ 1,459	0.89	37.7%	1.26	327
Turnwater & UGA	8,600	40.8%	3,272	\$ 1,290	1.01	25.4%	0.84	2,660
Yelm & UGA	7,203	42.6%	2,740	\$ 1,366	0.95	39.5%	1.31	3,273
Grand Mound UGA	309	56.9%	118	\$ 1,429	0.91	45.4%	1.51	155
Chehalis Indian Reservation*	32	47.0%	12	\$ 1,404	0.93	1.0%	1.00 **	11
Nisqually Indian Reservation	105	47.3%	40	\$ 1,428	0.91	2.2%	1.00 **	35
Rural/Uhinc. Remainder	6,954	35.9%	2,646	\$ 1,432	0.91	24.4%	0.81	1,863

Sources; TRPC HUD CHAS  
2012 2005-2009  
Forecast

CNT 2009  
H+T Index

TRPC  
2012  
Forecast

\*Excludes those portions in Grays Harbor County

TABLE 5: FAIR SHARE HOUSING DISTRIBUTION.

## Other Supporting Tables

**TABLE 6: HOUSING UNITS AND AFFORDABILITY TO HOUSEHOLDS, BY INCOME CATEGORY.**

Unit affordable to a household earning ... % of County median	Total Occupied Units	Income, as a percent of the Thurston County median:				
		< 30%	30 to 50%	50 to 80%	80 - 100%	> 100%
less than or equal to 50%	16,365	3,880	3,705	4,360	1,275	3,145
50% to 80%	27,780	3,500	3,805	6,090	3,890	10,495
greater than 80%	48,445	1,995	2,125	5,520	4,680	34,125
<b>Total Units</b>	<b>92,590</b>	<b>9,375</b>	<b>9,635</b>	<b>15,970</b>	<b>9,845</b>	<b>47,765</b>

Source: HUD CHAS Data (2005-2009)

**TABLE 7: INCOME LEVELS, THURSTON COUNTY.**

Income	Percent of County Median
\$ 18,939	30%
\$ 31,565	50%
\$ 50,503	80%
\$ 63,129	100%
\$ 75,755	120%
\$ 126,258	200%

Source: US Census: 2007-2011 ACS