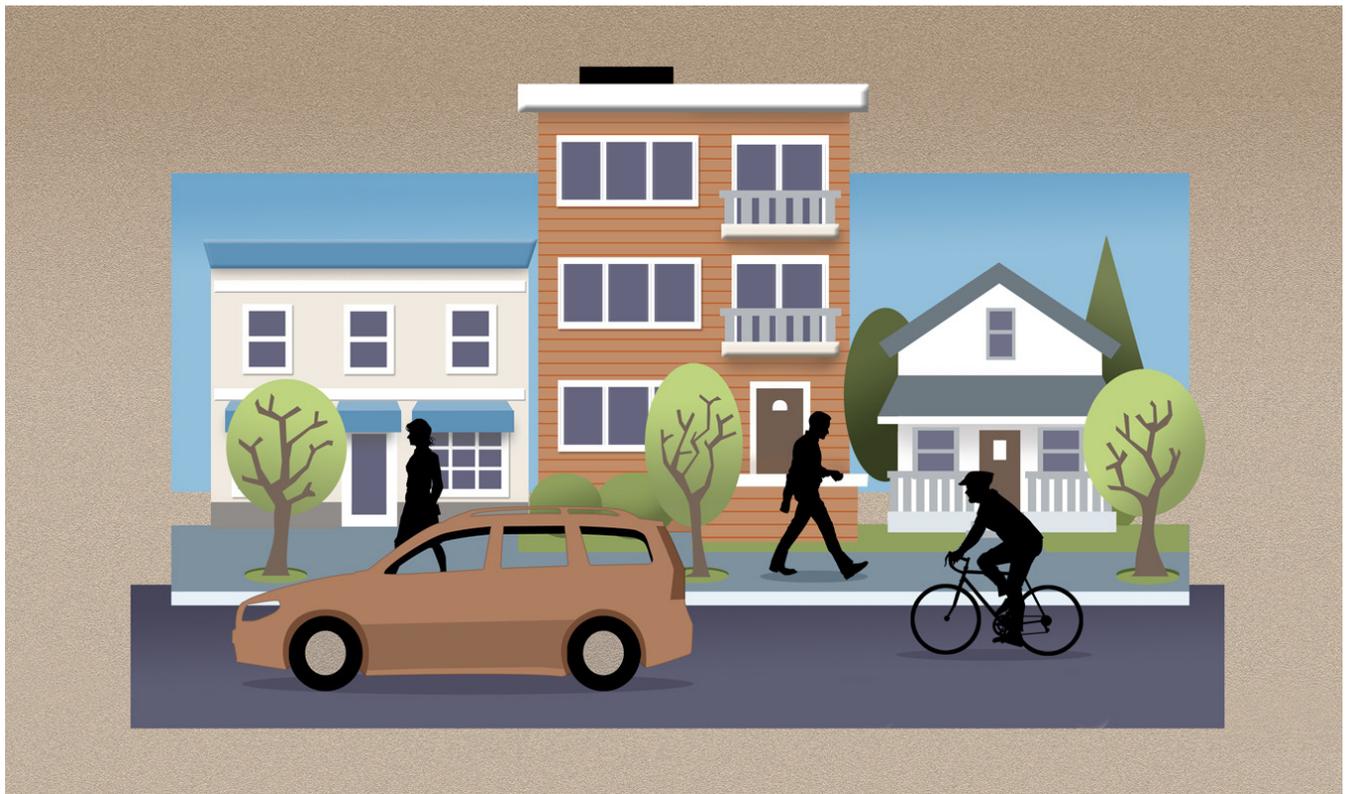


Housing Panel White Paper



November 2011
Finalized August 2013

To envision the future housing needs of the Thurston Region, planners assembled a broad cross section of community leaders and others active in housing to serve on a housing panel. These participants included developers, builders (both private and non-profit), private lenders, public and charitable funding agencies and public regulatory agencies. Through a series of meetings and supporting research, this panel examined issues relating to housing and housing affordability in the Thurston Region.

PANEL MEMBERS

Doug DeForest – TRPC Transportation Policy Board – Business representative

Mark Freedman – Thurston County Public Health & Social Services (PHSS)

Mark Furman – Heritage Bank

Billie Heath – Rural Communities Assistance Corporation & Homes First

John Ketola – Eco-Builders Guild

Tedd Kelleher – WA State Department of Commerce

Mark Kitabayashi – Windermere Real Estate

Julie McBride – MC Construction, Olympia Master Builders

Eileen McKenzie-Sullivan – Senior Services for South Sound

Maureen McLemore – Community Youth Services

Connie Rivera – Thurston County PHSS-Housing

Anna Schlecht – City of Olympia

Tim Seth – Washington Landlord Association

Charles Shelan – Community Youth Services

Theresa Slusher – Housing Authority of Thurston County

Chris van Daalen – Eco-Builders Guild

John Walsh – Community Action Council of Lewis, Mason and Thurston Counties

PANEL SUPPORT

Veena Tabbutt – TRPC

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About This Project

This community conversation comes at a time when the issues of economic resilience and efficiency are foremost in our minds. Our region's households, governments, nonprofits and businesses are making the most of resources in order to maintain quality of life and build toward a more resilient economy, society, and environment.

This region and its 29 public and private sector partners successfully competed for a Sustainable Communities Regional Planning Grant from the Federal Office of Housing and Urban Development, Department of Transportation, and the Environmental Protection Agency. Their interest in making these grants possible is to encourage regions to incorporate livability principles into sustainability plan discussions since these are proving to be essential to the creation of resilient communities.

The Sustainable Thurston Plan will build upon:

- 1) **Thurston Region Population Projections estimated to add 120,000 additional residents between 2010 and 2035** (a regional population of 370,000 in 2035)
- 2) **Existing state, regional, and local plans** as the base scenario for plan discussion and analysis
- 3) **State Requirements** set forth in the Growth Management Act
- 4) **Livability Principles**
 - Provide more transportation choices
 - Promote equitable affordable housing
 - Enhance economic competitiveness
 - Support existing communities
 - Coordinate policies and leverage investment
 - Value communities and neighborhoods

About Sustainable Thurston Panels

The Sustainable Thurston process begins with information development through a series of "white papers" produced by panels and work groups and reviewed by the Sustainable Thurston Task Force. This work will inform the three phase public process about a variety of elements that support our community and work together to enhance quality of life. These include:

- Economic development
- Housing
- Water infrastructure, stormwater, sewer
- Solid waste
- Public safety
- Schools and transportation
- Health and human services
- Local food systems
- Land use, transportation, climate change
- Energy
- Public outreach and education

Continuing Process

The Housing Panel has two major roles in this project:

1. Producing a Housing White Paper for the Sustainable Thurston Task Force during the first phase of the project.
2. Serving as a sounding board for the development of a Regional Housing Plan over the next three years.

This white paper is the first step in establishing areas for further exploration by both the Housing Panel and the Sustainable Thurston Task Force.

The Regional Housing Plan will contain regional goals and policies to support the full range of housing needs in Thurston County in a 25-year planning horizon.

The Regional Plan for Sustainable Development Task Force may also recommend changes in County-wide Planning Policies in order to implement stated housing goals.

COORDINATION WITH OTHER HOUSING PLANS

The development of a Regional Housing Plan, which addresses the full market range of housing, will be coordinated with the update of the "HOME Consolidated Plan for Thurston County – Expanding Opportunities for Affordable Housing." This is a housing plan conducted at a regional level that identifies affordable housing and needs in our community on a five year planning horizon. The update of the "HOME Consolidated Plan" is the responsibility of Thurston County and the HOME Consortium.

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Executive Summary

Looking forward to the year 2035, Thurston County has the opportunity to develop a regional sustainable housing plan – one of the product outcomes of the Sustainable Thurston project. To be viable, the housing plan must embrace community values, reflect an appropriate level of government regulation, support a vibrant housing industry and overall, employ the best use of resources to allow our region to support a projected population growth of an additional 120,000 people and 52,000 new housing units.

The challenge of this planning process is to develop a framework for the future that is based on present day community values and housing conditions. These community values span often-conflicting priorities about housing types (i.e., low rise single-family vs. mid-rise multifamily housing units), growth, density and height limits. Current conditions include an ongoing recession that continues to have a negative impact on the housing and lending industries. Such a framework must encompass the projections for population growth and changing demographics that will present needs for different kinds of housing (i.e., the increased number of older residents and the need for smaller, one-story housing units.) It must also project future economic trends that may emerge from a lingering recession. Together, these elements must be examined and factored into a comprehensive picture of future community housing needs and the resources required to meet those needs.

While the planning process is ongoing, the following issues have emerged as key elements of developing and implementing a sustainable housing plan for the Thurston Region:

- 1. Physical Plan to Accommodate 120,000 New Residents by 2035:** This plan should include clear maps of how and where new housing will be incorporated into existing communities. The plan should encompass a 25-year period, indexed to anticipated growth and population demographics with specifically identified types (i.e., single-family, multifamily), smaller units, heights, proximity to transportation hubs and arterials and projected income ranges, and the like.
- 2. Update Definition of Affordable Housing:** Include accessibility in the definition of affordable housing to acknowledge that people who live or work in more accessible and compact areas have better access to goods, services, and activities, tend to own fewer vehicles, and have more choices for transportation. This reduces their transportation costs, although such savings may be partially offset by higher utility and tax costs in the urban areas. For households where “every dollar counts” lowering the combined costs of housing plus transportation leaves a greater proportion of the household budget for other essential goods and services.
- 3. Overcome Conflicting Values on Growth:** Thurston County and the seven incorporated jurisdictions must identify a common narrative about growth, density, and its impact on quality of life and facilitate agreement between divergent stakeholders. Reducing the political volatility among stakeholders would greatly stabilize the local economy and make one key element, the housing industry, better able to serve the broad range of housing needs.
- 4. Green Buildings Made Easy:** “Green Buildings” save operating costs over the lifetime of the building, usually in energy savings. This is important for households on a limited budget, and for the sustainability of a community. The plan should present clear “green built” standards to guide future new development and renovation of existing housing stock. The plan should also support ongoing education on “green” building practices for the general public to encourage property owners to consider green building materials and practices in maintaining or renovating their properties, and develop ways to educate the community about return on investment for “green built” standards.

DID YOU KNOW ...

There are currently around 108,000 housing units on the ground in Thurston County today. Adding 52,000 new units means that about one-third of the homes that will exist in 2035 will be built between now and then.

5. **Right Balance of Government Regulation:** Local governments need to create more predictability around the core regulatory policies that protect the environment and community lifestyles valued in Thurston County. Easy to read regulations, consistent and timely application of local rules, accessible public process, and understandable streamlined permitting requirements would help facilitate the type of development that meets community visions, and ensures a broader public engagement in the planning process.
6. **Right Balance of Government Incentives:** Local governments can explore best practices to identify the appropriate policy tools to encourage the type and location of growth and building practices described in the Regional Plan for Sustainable Development (i.e., projects that meet certain criteria step to the “head of the line”.)
7. **Explore Regulatory Tools and Incentives for Local Lenders:** As appropriate, consider regulations on local lenders to ensure available funding for a broad range of development and offer incentives for lending on projects meeting plan goals.
8. **Maintaining a Regional Approach:** Obtain region-wide commitment to the plan to ensure a consistent message and practice, allowing the region to accommodate the projected growth in housing. Plan development needs to involve public officials, citizens, and other stakeholders.
9. **Ongoing Process:** The process of developing a Regional Housing Plan should allow for an ongoing dialogue between all stakeholders to refine goals and clarify milestones. This requires a clearly defined, accessible and constructive public process for amending the plan as necessary to ensure the plan remains reflective of regional housing goals and values, including a fair and balanced process for citizens to challenge elements of the plan.
10. **Measurable Performance Goals:** Local jurisdictions have the authority to set zoning, regulatory, and other conditions, including incentives to provide opportunities for construction of the number of units by type and price range to meet the demographic forecasts for the region. The plan should include specifics for measuring their performance in providing such opportunities.

Background: Organization of White Paper

This white paper presents a composite of information to support the plan elements iterated in the executive summary. This information includes: panelist responses to guiding questions (listed below); current census information, current and projected housing statistics; TRPC planning document excerpts and other relevant information.

The Housing Panel was asked to explore housing through the lens of four direct, but ultimately complex and interlocking questions:

1. What is working well in housing?
2. What are the challenges/barriers to sustainable housing development?
3. What are some of the threats to sustainable housing?
4. What are some opportunities to overcome these barriers to sustainable housing?

The panel then discussed the connections between sustainable housing and some of the other sustainable plan elements that are being explored by Sustainable Thurston Panels.

What is Working Well in Housing?

SUCCESS STORY Jurisdiction & Private Partnership

*Horizon Pointe Community
in Lacey (1,200 homes, and
still growing)*

Collaboration between the city of Lacey and private sector led to some key elements that make this vibrant, sustainable, master planned mixed-use community a success story for the city, private partners, and residents:

- Design details such as windows required to have exterior trim; all homes have a porch; garages are set back from the front of the house; trees are planted in the back yards
- Mix of single family, townhomes, and condominiums
- Tree lined streets
- Streamlined permitting process
- City Park
- Elementary School
- Retail / Commercial area (still needs to be developed)

Horizon Pointe was developed on a large property zoned for a master planned community. Nearby to shopping, job centers (including an easy commute to the nearby military base); close to a golf course and bicycle/pedestrian trail; and served by transit, sales in this community were strong.



Themes that emerged from the panel discussions of strengths in the Thurston County housing industry and market were as follows:

Collaboration and Coordination

This theme spanned several topic areas, including:

- **Collaboration** The collaboration between private, non-profit, and governmental organizations involved in providing housing and housing services. This collaboration spans planning, pre-development, funding, and land-use review and development of housing. Note: The panel discussed potential for even more collaboration between all housing providers, including private developers and non-profit housing agencies facing similar challenges.
- **Coordination** The coordination of low income non-profit housing and related service providers is striking, with a broad range of non-profit organizations working well together to provide a comprehensive safety net.
- **Close Proximity** The size of the region and proximity of the communities that allows people from different sectors (private developers, government regulators, non-profit service providers) to talk directly about their needs and goals for housing.

Community

This theme highlighted some of the strengths in the Thurston community – such as:

- **Local Lenders Supporting Local Projects** Local banks are invested in the community and accessible to local community people looking to buy, build, or develop housing.
- **Longevity Strengthens Community** Long-time residents, businesses, and organizations support stability in the housing industry, and are engaged in making it more responsive to consumer needs and providing housing for all of Thurston County residents.
- **Higher per Capita Income** The relative affluence of our community that makes it somewhat easier to address hard issues like homelessness.
- **Right Sized Community** The size of our community is small enough to allow stakeholders to know each other by name and coordinate well. It's also large enough to support healthy business competition and to support a full range of service providers.

Efficiencies in Both Private and Public Sector

- **Builder Resilience** The builders that have survived the housing recession are more adaptable in how they build and provide their products. The investment in energy efficient housing was cited as an example.
- **Refinements in Local Regulatory Practices** Some local government planning and development agencies have refined their procedures in recent years to improve their review process to offer a more predictable timeline and scope of review while at the same time upholding the land use, zoning, and building codes.

Social Service Success Stories

Panel members also shared some success stories of non-profit housing programs that are working well:

- The City of Olympia’s new **Homeless Prevention Program** is emphasizing homeless prevention as a way to keep people housed and will also utilize the best practice model of “Rapid Re-Housing” to catch displaced residents quickly once they become homeless to get them rapidly back into housing first with services second.
- The City of Olympia is working with the **Mercy Housing senior housing project** to develop 50 new units for seniors. However, as demographics in Exhibits A and B indicate, the rapidly growing number of aging “baby boomers” will greatly increase demand for senior housing – perhaps more than current efforts will be able to meet.
- The **County Homeless Prevention Rapid Re-housing** grant provided rental assistance for 94 households for up to one and a half years. During this same time period 87 homeless households were rapidly placed into housing and are now self sufficient and no longer need rental assistance.
- A **Rural Housing Project Underway in Yelm** will create a new 39-unit multifamily housing complex for low-income households. Community Action Council of Lewis, Mason and Thurston counties received \$500,000 HOME funding that is leveraging a total project investment of \$7,040,222.
- The **Community Youth Services (CYS) Transitional Housing Program** is a comprehensive program for young adults and families, 18-21, who are homeless, living in unsafe situations, exiting an institution or have been in the state foster care system. Their role is to provide safe and stable housing for young adults and families who are facing challenges, along with support, advocacy and guidance in helping them achieve their goals. Services are designed to assist participants to move gradually and successfully toward self-sufficiency through increased responsibility and the promotion of positive self-esteem, relationship building, independent thinking, and basic problem-solving skills.
- The **South Puget Sound Habitat for Humanity** continues to build new housing for low income first time homebuyers on a succession of sites in Olympia, Tumwater and Lacey. The Habitat model incorporates government and charitable funding, donated materials, volunteer labor and the “sweat equity” labor of the first time home buyers themselves to create attractive, energy efficient homes close to jobs, schools, and services.
- Agencies like the Housing Authority of Thurston County and Community Action Council use **non-profit supplied rent subsidies** for very low income tenants to secure housing from private sector property owners in programs that offer triple benefits: 1) low income housing for tenants; 2) predictable rental payments to private property owners; and, 3) a low cost- benefit ratio for taxpayers, because rental subsidies are far cheaper per household than building new non-profit housing.

Need More Information?

Exhibit A is a market study for Thurston County that summarizes forecast trends; and **Exhibit B** provides an overview of demographic trends.

SUCCESS STORY CYS Transitional Housing Program

“Jamie” and “Nancy” are examples of youth that successfully transition into self-sufficiency through the assistance of the Transitional Housing Program.

In 2007 “Jamie” came into the program homeless, jobless, without family or community support, and was an angry young woman. Through her Case Manager she learned trust, alternative methods of communicating, and how to make a plan for her future one step at a time.

By the end of her two years in the program she was working full time, enrolled at a four year college, and had saved enough money to pay all the move-in costs for her own apartment - a huge accomplishment for a young woman who never had money. Today, she continues to live independently, hold down her job, and expects to graduate with a degree next year.

“Nancy” was a familiar face to street outreach workers, and was a regular at the drop-in center. A meth addict with five felonies, she eventually got involved in a program where she learned to make videos and documentaries. Working on a video about meth use made her feel better about herself, and she realized that there were people out there to help her. She applied for and was accepted into the Transitional Housing Program, and with help of tutors and a great deal of self determination, obtained her GED. She is now focused on gaining work experience, and has been stable for two years.

What are Issues or Challenges/Barriers to Sustainable Housing?

Panelists identified issues and challenges that affect housing in the Thurston region. Challenges are conditions that exist that may be influenced by local or regional actions. Threats were defined as issues or challenges that are generated from external factors over which local stakeholders and governments have little direct control. Issues defined as Threats follow this section.

Government Regulations

- **Development Impact or Mitigation Fees¹** are collected in order to mitigate the fiscal impacts of growth on local jurisdictions. In some jurisdictions impact fees are collected to help pay for new roads, schools, or parks, and in others SEPA fees are collected to mitigate for environmental impacts. But the impacts of growth on government infrastructure and facilities can vary. For instance, a household with many children will have a greater impact on the schools system and a household that is located in a neighborhood without transportation alternatives is likely to have a greater impact on the road network than one in a more central location.



Fees that are applied per housing unit without taking into account factors that affect household size such as unit size or number of bedrooms may favor fewer, more expensive units over smaller, affordable units. Fees that are developed without taking location into account will not provide incentives that direct growth to location efficient areas with greater access to goods and services, and increased transportation options.

There are also situations where housing can be exempt from mitigation fees. For instance, subdivisions that do not contain any streams, wetlands or lakes, have less than nine units in the growth area or less than four units in the rural County, and meet other requirements, are exempt from mitigation fees in Thurston County. These exemptions could encourage one type of housing over another.

Non-profit housing providers face additional challenges paying development fees. Typically they strive to provide many low cost housing units. Development fees charged on a per unit basis will therefore represent a higher proportion of the overall project budget. In addition, unlike market rate housing, for non-profit low-income housing providers, the target rent structure is usually set, therefore increased costs cannot be passed on to the consumer.

¹ Impact fees can be collected under the State Growth Management Act and spent for capital facilities in the categories of transportation, parks, schools, and fire protection. Other fees can be collected under the State Environmental Policy Act (SEPA) for environmental impacts related to issuing land use permits. Each jurisdiction collects fees under either or both Acts. Fees vary by jurisdiction, type of building, and location.

- **Regulatory Barriers** Many local zoning and building codes limit options for providing lower cost and market rate affordable housing. Barriers include height limits, density limits, parking requirements, building setbacks, or restrictions on small “cottage” housing etc. Such barriers can also limit the affordability of “green built” housing as well.
- **Need for Coordination and Training** There are very limited opportunities for regulators and the building industry to receive training and to coordinate policies. This would encourage adoption of best practices, and use of innovative strategies, materials and technologies
- **Insufficient Incentives** While local Comprehensive Plans describe housing goals, there are very few incentives offered to encourage development of the full range of housing necessary to meet the needs of the community. Incentives are needed to promote housing goals. These could include density bonuses or permit discounts based on transportation access.
- **Aging Infrastructure** Some communities have antiquated sewer systems and substandard roads, sidewalks or stormwater infrastructure. Many in-fill sites are located in areas that need upgraded infrastructure to support new housing or redevelopment. Many local development standards require the developers to replace aging, substandard or missing infrastructure on a “pay as you go” basis, adding significant costs to developments.
- **Delays in Permitting** Large development projects often require many years to move through the permitting process.
- **Regional Patchwork of Development Policy** Government regulations on development are inconsistent between jurisdictions, making for confusion for developers and when dealing with different development styles and patterns.

Building Green

“Building Green” means more than building energy efficient housing. Green housing can also mean housing that has a smaller environmental footprint related to factors such as: its location (ie. more choices in transportation), resource conservation during construction (ie. using recycled materials), water usage, or indoor air quality. Recognizing this, Thurston County has identified numerous barriers to “building green” within their building and development code. These reports identify parking requirements and the lack of cottage ordinances (small housing) as some barriers that could be addressed. In addition, the County has funded a “Green Code Innovations Project” to address some of the barriers through a collaborative interjurisdictional process highlighting case studies.

The reports are available online at www.co.thurston.wa.us/planning/climate/climate_codes.htm.

Challenges to Residential Development

The Nisqually Bluff development of MC Construction Consultants, Inc. was successful by all measurable standards. When built out, however, it was entirely different than the original concept. They had planned large lots, one to two acres in size, but eventually ended up with 64 lots, between a quarter to half acre in size, and an 11-acre nature-preserve to satisfy the county’s requirement for open space. It took years to move this project from paper to reality, requiring great effort, money, time, and persistence. They felt fortunate that the company was large enough, with enough resources and other developed parcels to market, that they were able to sustain throughout this arduous task.



Compact, Urban Developments

Between 1993 and 1995 Rob Rice, one of this area's largest locally based builder/developers, built a residential development that has, over the years, often been cited as the type of urban development that meets the community's vision for compact, single family housing in an attractive setting. At the time, it bucked the trend of big suburban lots – opting instead for narrower streets, smaller lots, and compact two to three bedroom homes near a city park and other amenities. Beckonridge is located in southwest Lacey – a 223 home subdivision on 34 acres – with a density of almost 7 units per acre. Some of the attractive features of the development are:

- Design details such as both front and back-loaded garages so that no main street has garages on both sides of the street
- Homes with a varied look and feel
- Narrow streets – with 28 foot laneways to access back-loaded garages, and 44 foot main streets. Although sidewalks are often only on one side of the street, the narrow streets slow down traffic, giving the neighborhood a pedestrian-friendly feel.

Can Beckonridge be Built Today?

Many of the desirable features of Beckonridge were the basis for updated design standards and regulations in Lacey, but other regulations have changed, making it impossible to replicate the subdivision today.

The narrow streets in Beckonridge, without sidewalks on both sides of the street, are one example. Lacey has adopted street standards that require sidewalks and planter strips on both sides of the street, along with on-street parking – creating a minimum right of way width around 50 feet.

Another difference between Beckonridge and more recent developments is the open space. Lacey has a ten percent open space requirement – 5 percent for trees, and 5 percent for active recreation. Beckonridge was exempt from this requirement as it was built as part of a larger short plat project that provided a public park site to satisfy all open space needs. Being part of the larger project also gained rights for the subdivision to use the park site for drainage purposes, freeing up land within the subdivision for additional homes while providing a neighborhood park site with attractive water front within walking distance of all of the future residents.



Location and Land Use Regulation Issues

- **Land Use Regulations** Land costs are often influenced by local government land use regulatory issues such as zoning densities and environmental regulations. Differences in regulations drive development toward communities with less restrictive regulations.
- **Redevelopment** While there is sufficient buildable land within the urban growth areas to accommodate the 20 year population projections, very little development activity has taken place in the urban cores in the last 15 years. One of the reasons is that the land is often partially developed or requires redevelopment – which is more difficult and expensive than development on large tracts of vacant land. It also often requires major investments to access or upgrade water, sanitary sewer or other infrastructure.
- **Need for More Housing Along Transportation Arterials** There is a need for more housing to be located near shops and services and along transportation corridors that offer multiple modes of transportation, i.e. bus, bike lanes, car pools, in addition to the single occupancy vehicle. Studies show that people who live or work in more accessible areas with transportation options have better access to goods, services, and activities, tend to own fewer vehicles, drive less, and rely more on alternative modes like taking the bus, bicycling, or walking. The cost of living outside of transportation arterials is hidden from consumers looking for housing. People who live in or around Thurston County's corridors and urban centers save an average of \$3,000 to \$4,000 in transportation costs per year.² The AAA 2010 estimate of car ownership and use is about \$8,500/per car/year. A household able to decrease car dependence by one car can save a substantial amount of money each year.
- **Understanding how much Single-Family Zoning is Needed** Many local communities favor zoning policies that maximize single-family over multifamily housing. A summary of national housing preference survey results indicate that there may be enough large-lot single-family housing available to support population growth across the nation.³ Single-family homes on large lots (larger than an acre) account for approximately 54 percent of the national housing stock today – but preference surveys show that only around 25 percent of people prefer that type of housing. Another 37 percent prefer single-family homes on small lots, and the remaining 38 percent prefer townhomes or other types of attached (multifamily) housing including condominiums and apartments. This preference shift may drive the future housing market. Local planners can prepare for this shift in demand by ensuring that zoning is flexible enough to encourage a full range of housing choices.

Need More Information?

Exhibit C has a summary of the latest evaluation of Residential Land Supply for Thurston County.

DID YOU KNOW ...

That during the fifteen years of growth management implementation, only 5 percent of new housing units built in Thurston County were located in areas with frequent transit service (15 minutes or more frequent service).

Source: TRPC data program

What are the Industry Experts Saying About Housing Demand?

The demographic trends continue—empty nesters move back into cities for more convenient lifestyles while their children delay marriage and build careers in urban nodes. . . High gas prices and suburban congestion also stimulate more interest in urban alternatives. . . Transit-oriented development . . . almost can't miss. . . New mixed-use town centers in the suburbs are also one of the hottest development trends.

Source: (Urban Land Institute & PriceWaterhouseCoopers, 2006, p. 14) Urban Land Institute & PriceWaterhouseCoopers. (2006). *Emerging trends in real estate*. Washington, DC: Urban Land Institute

² Source: Center for Neighborhood Technology

³ Arthur C. Nelson (2006), "Leadership in a New Era", Journal of the American Planning Association, Vol. 72, No. 4. <http://law.du.edu/images/uploads/rmlui/conferencematerials/2007/Thursday/DrNelson-LunchPresentation/NelsonJAPA2006.pdf>

Need More Information?

Exhibit D provides projections of household size, while **Exhibit E** provides additional information on home ownership.

DID YOU KNOW ...

There are many factors that play into housing choice. Results of a recent national survey indicate that the communities Americans value most have a mix of houses, places to walk, and amenities within an easy walk or close drive.

Walkability is seen as a desirable attribute by most while choosing a neighborhood, however when forced to choose between larger lots and needing to drive over smaller lots and being able to walk to schools, stores, and restaurants, 61% chose the larger lots and increased privacy.

Other factors that are important in housing choice include: high quality public schools, commute time, sidewalks, and places to walk.

In terms of places to walk, respondees felt it was important for people to live within an easy walk of grocery stores (75%), pharmacy (65%), hospital (60%), and restaurants (60%).

Source: 2011 Community Preference Survey: March 2011. Belden, Russonello & Stewart.

Locally, a housing market study (Exhibit A) indicates there will be a growing need for multifamily and smaller single-family housing. In part this is due to changing age demographics (Exhibit B) that will result in a greater number of senior households.

Another reason is the overall trend toward decreasing household size (Exhibit D). Some of the reasons for this are:

- People are living longer
- People tend to remain unmarried longer
- The divorce rate has increased
- Remarriage is less common
- People are having fewer children

In the short term there has been an increased demand for multifamily housing that is being met with a flurry of building activity. Latest statistics show that homeownership has declined slightly in Thurston County, paralleling national trends (Exhibit E). Home ownership is not the same as housing type. In Thurston County, 85 percent of single-family homes, and 11 percent of multifamily homes are owner occupied. Home ownership and housing type varies significantly between the north county urban areas of Olympia, Lacey, and Tumwater and the remainder of the County (Exhibit E).

- **Is there enough Mixed Use Zoning?** The preference for single-family zoning also limits mixed use development that offers multifamily units adjacent or nearby places to shop or work. Many income groups benefit from mixed use neighborhoods which tend to have greater options for travel (walking and transit), and often have a sense of place or community. Mixed use could mean mixes of housing types (duplexes, townhomes, single-family, apartments) as well as neighborhood commercial centers (places for people to gather and shop close to where they live.)
- **Building Density** Washington is a growth management state – which means that the communities in Washington recognized the fiscal and environmental impacts of sprawling patterns of development, and took steps to create a more sustainable land use pattern for the future – one with distinct rural, small town, and urban areas. Higher Density Zoning Districts have been designated in city centers and along major corridors, with densities high enough to support a range of transportation alternatives including transit and walking as well as personal vehicles. But High Density Zoning Corridors only extend approximately a half block along many major arterials in Thurston County like Martin Way or Harrison Avenue. Many studies show that most people are willing to walk a quarter mile to a bus stop – which makes these corridors ideal places to focus compact and affordable housing.
- **Community Resistance** Efforts to extend mixed use zones more than a half block from arterials into existing neighborhoods often meet with community resistance.

Community Resistance to Density

One common saying in the planning world is: “*The only thing people hate more than sprawl is density.*”

- **Land of Last Resort** New development in urban core areas depend upon utilizing undeveloped or “infill” parcels. Some infill parcels contain environmental contamination or topographic constraints that make development more expensive. Development on greenfield sites is usually easier and less complex, making it less expensive to develop.
- **Little or no Large Development Ready Vacant Greenfield Lots in Urban Areas.** The community adopted urban growth boundaries in the late 1980s. These areas have remained essentially the same size over the last 20 years, and by the mid-2000s local developers began to notice a scarcity of large tracts of vacant land in the north county urban areas - especially in Lacey and Olympia, although there is enough to meet the 20-year demand. A recent study (Exhibit A) shows that the Thurston Region has approximately a 10 year supply of planned or proposed lots to meet the projected market for single-family homes (either in recorded but vacant lots of projects under development review). Given the financial difficulties of some developers, it is likely that some of the currently vacant lands may well change ownership before any development occurs. As these and remaining projects under review “build out,” it is essential to keep an eye on remaining land supply, to ensure that the demand for the type of growth that is projected can be met.



The site that formerly housed the Olympia Brewery was the subject of a recent visioning process. Community members were invited to share their ideas for how best to redevelop this property, taking into account numerous financial and environmental concerns as well as topographic constraints. Such issues can make infill redevelopment complex and expensive.

Limited Services for Low Income Residents

- **Need for Service Enriched Housing (housing with access to needed services)** There is a lack of tailored programs that provide the service enriched housing needed to place and stabilize high-risk tenants. This lack indicates a need for “tenant training” or providing liability protection to landlords who house high risk tenants.
- **Special Needs Residents** Meeting the community service needs of low income and special needs groups (disabled, seniors) continues to be a challenge.

Missing Energy Cost Savings

- **Appraisals** Market rate and affordable housing are increasingly being built with energy efficient features. For the non-profit providers, this is often a requirement of funding. These additional costs are not being included in the building valuations (appraisals). This impacts the loan amount available to the home builder. Energy efficiencies lead to long term savings for the residents of the house. This is a fact that should be better recognized.
- **Lack of Understanding how to Achieve Energy Efficiencies** Controlling the cost of housing in both financial terms and energy usage, is limited by the knowledge level of those living there. There is limited access to education for home occupants to better understand how to achieve cost savings through energy reduction. For example, training occupants to manage HVAC, programmable thermostat, simple weatherization, and maintenance practices would increase efficiency and reduce housing costs.

Identifying Barriers to Green Housing

A recent survey of people involved in the building industry in the Thurston region identified the top three barriers to green building as 1) cost, 2) appraisals, and 3) lack of consistency between green building standards.

Source: www.co.thurston.wa.us/planning/climate/climate_codes.htm (Note: number of times each barrier was ranked in the top 3).

Needs Assessment

The Consolidated Plan for Thurston County (FY2008-2012): Expanding Opportunities for Affordable Housing contains an affordable housing and homeless needs assessment, overview of the housing market, and five-year strategic plan.

- The Regional Housing Plan will cover a 25-year planning horizon, while the Consolidated Plan is a five year plan.
- The Regional Housing Plan will address the full range of housing and housing needs, while the Consolidated Plan focuses on affordable housing and homeless needs.

The Consolidated Plan can be viewed on-line at: www.co.thurston.wa.us/health/sscp/plans.html

Housing Supply

The panel identified the need for an increased supply of housing for specific groups, including:

- **Emergency Shelter** beds for extremely low or no income homeless individuals (both men and women), unaccompanied youth and families with children.
- **Transitional Housing** for homeless and those at risk of homelessness.
- **Re-entry Housing** for individuals that have been released from jail, medical institutions or are traditionally difficult to house.
- **Supportive Housing** and services for special needs individuals, i.e., people with disabilities, mental health issues, youth, senior, etc.
- **Assisted Living** units for seniors and disabled.
- **Low Cost Independent Housing** for low income seniors and families specifically (affordable housing without supportive services).
- **Low Cost Multifamily Housing** is needed in urban core and along arterials where transit service is readily available.
- **Low Cost Rural Housing** is needed in rural areas and in the south county cities and towns.

This input will be supplemented by a full needs assessment during the development of the Regional Housing Plan and update of the Consolidated Plan.

Updating Definition of Housing Affordability

Affordable housing has traditionally meant that total costs (rents, mortgages, basic utilities and maintenance) of housing totals less than 30 to 35 percent of household income.

Affordable transportation generally means that less than 20 percent of a household budget is devoted to basic transportation – or the transportation necessary to achieve access to health care, employment, schools, basic shopping, and some recreational and social activities.

As there is often a tradeoff between housing and transportation costs – housing is often cheaper in outlying areas with less transportation options.

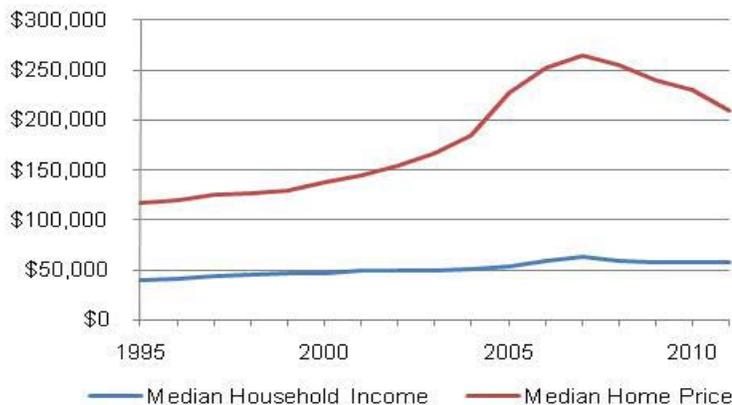
Many communities are now beginning to describe affordability as the combined housing plus transportation costs. Together – these should be less than 45 percent of total income.

Housing Affordability

While affordable housing is a term often used to describe the housing needs of low income residents, it also invokes the needs of a broader range of income groups concerned about the costs of housing. In general, housing affordability is measured by the ability to pay for housing using no more than 30 percent of household income. This is critical for low and moderate income households with tight budgets. True housing affordability, however, is more complicated than simply looking at the costs of housing. Affordability also refers to people's ability to purchase essential goods and services, such as healthy food and medical care. For this reason it is important to consider the impact of housing location on the overall household budget when trying to understand affordability.

Panelists noted the rapid rise in housing cost compared to income stagnation in the last decade. The following graph shows that disparity between housing costs and income increased dramatically. This resulted in families spending an increasing percentage of their income on housing costs. For families in lower income ranges, this strained their ability to purchase other essential goods and services.

Comparison of Thurston County Income versus Home Price Trends



Sources: Washington Center for Real Estate Research and the State Office of Financial Management.

Housing Mismatch

Housing affordability is further complicated by “housing mismatch” a federal Housing and Urban Development (HUD) term describing the mismatch of higher income households occupying a lower income tier of housing stock, thereby displacing potential occupants who are lower income. There are numerous causes for this, including:

- **Households Minimizing Housing Costs** The current economic climate makes many homeowners unwilling to take a risk of “moving up” or buying a larger more expensive house because of income insecurity.
- **Foreclosures** The foreclosure rate remains high, causing many households to become renters or move in with relatives. This transition causes a domino effect, where higher income people are seeking housing typically occupied by the next lowest income tier of renters, ultimately placing an increasing demand on the rental housing stock. While new multifamily units have been recently added or are being built in the Thurston region, many units are not affordable to moderate and lower income renters.

Need More Information?

Exhibit F provides a glossary of some common definitions of housing affordability and other housing terms.

DID YOU KNOW ...

Twenty years ago (1990), 59% of Thurston County's low income households were cost-burdened. Today, that number has increased to 67%. That represents over 24,000 households.

Source: Census Estimates. Low income defined as households earning less than 80 percent of the County's median household income.



- **High Cost of Moving** Renters face high moving costs that require accruing fairly significant savings for deposits and first and last month's rent, which is difficult in the current economic climate. Homeowners find it difficult to obtain new loans for their desired housing tier and choose lower cost options or convert to becoming renters.
- **Bad Credit** For those that went through a recent foreclosure, credit ratings may contribute to the difficulty of obtaining rental housing.

Limited Housing Choices

The Thurston County market does not contain the full range of housing choices found in larger metropolitan areas. Lack of housing choice affects the entire housing market. A local market study (Exhibit A) shows that there is a demand for smaller homes, condominiums and apartments for "empty nesters" of diverse income brackets, but that the options are limited.

Long Term Issues

- **Comprehensive Plan vs. the Built Environment** There is a disconnect between the existing planning documents, the current community vision(s) and what is being built on the ground. For example, there are goals and policies in place for housing to be developed along our transportation corridors, but in reality growth has not been occurring in these areas as anticipated. This disconnect is related to factors in this white paper that acknowledge infill and redevelopment challenges. It often underscores the disconnect between the last Comprehensive Plan update and current development trends.
- **Need to Design for Future Demographics** While most housing developers are immersed in recent trends, there is a need to envision future needs. One example is how the aging population (Exhibit A) will present an increased need for single level homes close to transit routes or multifamily units with elevator access.
- **Housing Downturn Affects All Sectors** It is important to understand how the weak housing market may affect other sectors – including government, non-profit, for-profit lenders, developers, real estate, suppliers and residents. For instance, the downturn in the housing industry has affected local government revenues.
- **Lack of a Regional Housing Plan.** There is no long range (20 – 30 year) regional plan that identifies the housing needs and resources for the full range of housing options for all incomes. A long term housing plan is needed to:
 - Identify housing goals and gaps written in language that makes sense to everyone - homebuyers, renters, builders, lenders, government regulators, planners, and elected officials.
 - Create a blue print to accommodate the anticipated population with an understanding of changing demographics.
 - Address the increasing divide between housing costs and income, and update the definition of housing affordability to include housing plus transportation costs.
 - Set measurable goals for meeting future population need by type, number, and location.
- **Political Volatility** Some local elections cause significant political shifts in the interpretation of the Consolidated Plan and other existing housing and land use plans. At times these shifts have been codified and then reversed by sequential elected bodies. This can discourage housing development that often involves multi-year timelines that require predictable policies and plans.

What are some of the Threats to Sustainable Housing?

Threats were defined as issues or challenges that are generated from external factors and entities over which local organizations and governments have little direct control.

Finance – Funding – Economy

- **Funding** The supply of funding for affordable housing has always been lower than the demand for affordable housing. This situation has been made worse by the current economic downturn – which has both reduced sources of public funding, and also increased the number of people unable to afford market rate housing. Private lenders have also tightened the availability of acquisition/rehabilitate (buy and repair) loans.
- **Access to Financing** Financing for housing construction and homeownership has become increasingly difficult with the market correction which has decreased property values. This impacts both the private sector and non-profit sector developers. Potential home owners do not have funds for a down payment – while banks are moving away from loans that allow buyers to pay a lower down payment.⁴ Builders are finding it increasingly difficult to obtain financing and credit.
- **Foreclosures** The high foreclosure rate nationwide is a result of several factors: high unemployment; economic hardship; decrease in home prices; and aggressive lending practices in the early 2000s including easing of loan underwriting standards and a wider use of loans with lower performance standards (such as requiring lower downpayments.) In February 2011, Washington had the nation's 14th highest foreclosure rate⁵ – with 642 properties filing. In response to this, the state legislature passed the Foreclosure Fairness Act⁶ which offers delinquent homeowners a chance at foreclosure mediation. During this process a foreclosure mediator helps the homeowner and lender reach a fair, voluntary and negotiated agreement. The process has been proven effective in reducing foreclosures in other states.
- **Federal Tax Policy Affecting Homeowners** Home ownership may be negatively impacted by federal level discussions about reducing or eliminating the homeowner mortgage interest and property tax deduction.

DID YOU KNOW ...

That home prices have dropped 20% in the last four years in the Thurston region. In 2011, one-quarter of homes were sold at a loss to the sellers. This makes it difficult for the sellers to purchase another home.

Source: Zillow Real Estate Market Reports

Many Roads lead to Foreclosure

"Sheri" was newly divorced and received the house in the settlement. Employed by the Army, she received notice that she would be relocated to Texas. She listed the property for sale by owner and on various military and other websites for several years. The asking price initially was \$513,000, but she quickly dropped it to \$499,000. However the asking price was not competitive compared to new construction in the neighborhood, where builders were offering generous incentives. She could not drop the price any further without going below the amount she owed on her mortgage.

Rather than foreclose, Sheri requested that she be allowed to "short sale" the property. What this means is that Sheri must ask the mortgage company to agree to allow her to accept less than the full balance of the loan at closing. Either the mortgage company or the homeowner is then left to make up the difference.

"I am current on the loan and wish to remain so until I cannot do it anymore. I do not take this situation lightly and hope to make up as much of the difference as I can. I am willing to absorb some the shortage if possible. I do not wish to foreclose, but if the house does not sell and I am forced by the Army to move, I will have no choice. I cannot make the mortgage payments as well as those for another residence in Texas. That is why I am asking for permission to short sale the property before things become critical."

⁴ The Federal Housing Administration (FHA) provides a loan guarantee program so that qualified buyers can obtain loans with low down payments. Over the past year they have made changes to this program to increase its financial stability. The changes will result in increased down payments and higher credit scores required for buyers to qualify. <http://articles.moneycentral.msn.com/Banking/HomeFinancing/last-chance-for-lowest-cost-loans.aspx>

⁵ Source: RealtyTrac. Foreclosure filings are defined as homes with a default notice, scheduled auction or bank repossession.

⁶ SSHB1362

Jobs

- **Entry Level = Low Wages** The lack of jobs for entry level workers forces renters to spend between 50 – 60% of their income on rent, making it difficult to afford even low cost rental housing. (The estimated “minimum housing wage” is approximately \$15.00 per hour.)
- **Housing Wage** Many people with jobs still cannot afford market rate housing, given the estimated average wage necessary to rent an apartment and pay other living expenses is a minimum of \$15.00 per hour. The wage to afford a mortgage of \$1,000 per month is at least \$20.00 per hour, presuming they can save for a downpayment.
- **Unemployment & Homelessness** Lack of living wage jobs and unemployment is reported as a cause of homelessness. (2010 Thurston County Homeless Census Report).
- **Loss of Family Wage Jobs** Lack of “family wage” jobs restricts housing choices and erodes the property tax base, a key source of revenue for local government, public schools, and social service programs.

DID YOU KNOW ...

If jurisdictions exempt low-income housing from impact fees, they are required to make up the difference with other qualifying public funds? In 2001 HB 1398 was introduced in the Washington State Legislature to remove this requirement of the Growth Management Act, but was not passed into law.

Source: Washington State HB 1398 Analysis

State and Federal Regulations

State and Federal regulations contain barriers to achieving some of the opportunities identified in this white paper. State regulations such as the Growth Management Act (GMA) are very difficult to modify; significant changes require legislative approval. Such changes are beyond the control of local jurisdictions. Over the years, the GMA provisions, especially impact fees, have been a highly charged political subject. Changes to impact fee provisions have not been made, while some changes to the GMA have occurred.

Legal Issues

- **Criminal History Housing Barrier** People with criminal records have a very difficult time finding housing. Their records may follow them for many years and cause them to be screened out of rental housing or mortgages. For young people, one mistake can greatly limit their opportunities to find housing or employment which are both key to re-entering society.

What are some Opportunities to Overcome the Challenges/Barriers to Sustainable Housing?

The panel identified several opportunities for the region to address housing and housing affordability issues during the development of the Regional Plan for Sustainable Development:

- **Remove Regulatory Barriers** Local governments have the power to remove or reduce the impact of some regulations such as zoning and building codes for infill and redevelopment. Areas mentioned specifically were parking requirements, setbacks, building height limits and removing barriers to “Green Built” housing.
- **Housing Incentives** Add incentives to encourage the type and density of development that is desired, and ensure that these can be built and financed. Where possible savings could be passed down to the purchaser or renter.
- **Zoning for Contemporary Populations** Re-examine zoning policy to allow for more integration of the full range of all housing types that accommodate all income brackets as well as housing, jobs, and services in neighborhoods. Concentration of one type of use does not promote a sense of community, and increases auto dependence and use.
- **Revisit Impact and Mitigation Fee Structure**
 - Examine ways to encourage smaller, affordable housing units in accessible areas through the fee structure.
 - Implement more broadly - reduce local jurisdiction-specific impact fees where there is less impact (i.e., community vs. local parks; fewer trips due to proximity to services, transit, and sidewalk and bicycle networks).
- **Public Sector Development of Infrastructure.** In areas targeted for development such as activity centers and close to transit corridors, build street and sidewalk improvements where needed to reduce infill and redevelopment costs. Acknowledge the value added by beautiful streets, street trees, public parks and plazas. Creating amenities adds value to adjacent properties, can attract substantial public return on investment when these adjacent properties are developed and adds to the livability of the area.
- **Consistent & Predictable Development Process** The Regional Plan for Sustainable Development and Regional Housing plan can facilitate local jurisdictions working toward a consistent and predictable development process.
- **Environmental Clean-up of Infill Lots** Address environmental clean-up concerns for infill parcels.
- **Include “Green” Values in Appraisals** Green Housing provides an opportunity to reduce the operating costs of a building over the long term – usually through energy efficiency. One of the obstacles to Green Housing is the higher “up front” costs and lack of understanding about the reduction in long term operating costs. There is an opportunity to provide education to appraisers so that “Build Green” short and long term costs are considered in an appraisal.
- **Identify Buildable Land** Ensure there is adequate land supply for building the type of housing that will be in demand in the region – when there is a downzone in one area look at raising density in other areas.
- **Plan for Housing Transitions** Take advantage of the changing demographics in the region to provide for a full range of housing opportunities. For example, as “empty nesters” downsize, they make room for younger households with children. This will “free up” the affordable housing that is being occupied by people with higher income levels.

DID YOU KNOW ...

That the Urban Corridors Task Force has been examining ways to encourage housing and commercial development in the north County’s activity areas and transit corridors.

More information can be found on TRPC’s website: www.trpc.org



Urban Corridors Task Force Workshop

DID YOU KNOW ...

That approximately 8 percent of the population in the Thurston region is age 70 or older. This is expected to increase to around 14 percent by 2040 – or an increase of more than 40,000 people in this age group.

Source: TRPC Population Forecast (2010)

Making Connections with Other Sustainable Plan Elements

This section outlines some of the panel discussion of housing issues as they relate to other topics being addressed in the Regional Plan for Sustainable Development process.



Challenges to Building Housing in the Urban Core

In 2008, Community Youth Services (CYS) purchased a run-down eight unit apartment complex within one block of downtown Olympia. The plan was to remodel the units and make the apartments available for the agency's transitional housing program. After the project was completed, they turned their attention on developing the entire land parcel as there was sufficient space to build an additional eight units of housing.

The City of Olympia was very encouraging. CYS drew up plans to develop and met with the City to discuss development issues. They soon discovered that the sewer and storm water lines were not separated and that the City of Olympia has a building moratorium for projects in which the sewer and storm water lines are not separated. LOTT Cleanwater Alliance (the local provider of wastewater facilities) offered CYS a \$250,000 grant to separate the lines, but the project failed due to the fact that the adjoining neighbor refused to give CYS an easement through their commercial property. Had they been able to either receive the easement or if the moratorium was not in effect, CYS could have built eight additional units of transitional housing in close proximity to downtown Olympia.

Economic Development

- **Property & Retail Taxes Support Local Services** In order to provide services to support the community, it is necessary to have a strong tax base and economy. Property and retail taxes fund significant portions of public budgets for transit, streets, police, and fire services.
- **Employment Allows Participation in Local Economy** Having a steady income and being paid a decent wage are the keys to housing stability and participating in the local economy as a consumer.
- **Retraining Displaced Workers** Skills training for displaced workers (such as that provided to employees of the logging and fishing industries) is one of the components to keeping a skilled work force within a community.
- **Homelessness Can Impact Business** Lack of housing and/or emergency shelter capacity can negatively impact business through the increase in street dependent populations that block access to local businesses. (Often, locally owned businesses are located on public streets where street dependent populations use sidewalks as community centers).
- **Land Use Controversy Can Impact Employment and Business** The community support for specific economic development projects can be controversial in land use debates or neighborhood planning goals. Yet access to employment opportunities are essential to provide for basic needs such as housing, health care, and food.

Health and Human Services

- **Home Health Care Stabilizes Neighborhoods** Increased levels of in-home health care will keep people in their homes and stabilize neighborhoods.
- **Funding for Services** Public funding for a full continuum of social and other services will help keep people in their homes.
- **Lack of Services Can Increase Homelessness** Lack of specific health and human services, i.e., mental health services can directly lead to homelessness and street dependence.⁷
- **Diverse Neighborhoods Can Result from a Variety of Housing Types** Building a neighborhood residential continuum is important so that people can choose to stay in their neighborhood as they age or as life circumstances change. Neighborhoods that only offer one type of housing will force people to move greater distances as they look for different housing choices such as seniors looking for houses with smaller yards and no stairs, or where they can be less car dependent.

⁷ 2010 Thurston County Homeless Census Report

Infrastructure – Water, stormwater, sanitary sewer, streets

- Providing or connecting to existing water, stormwater, and wastewater infrastructure can be difficult for infill and redevelopment sites. The example in the inset box shows how the need to fix or connect to aging infrastructure is an issue for both private and non-profit housing developers.

Energy

- Residential uses consume a large proportion of the communities' energy budget. Encourage retrofit of existing housing stock with energy efficiency measures, and building more energy efficient housing in the future will make better use of this resource.

Emergency/Fire Services

- **Increased density spreads the cost of public services** across more households. Low density development patterns increase costs and make it more difficult to meet rapid response goals due to additional distance that must be covered to respond.
- **Additional fire station, equipment and personnel costs** increase with less density in order to meet response time standards.

Schools and Transportation

- **School Funding** for schools is increasingly dependent on levies which in turn are based on healthy property values. In some areas of the county, it is very difficult to get these passed. This is especially true in areas with populations that are not invested in the community, or with specific age and income demographics. Neighborhood schools are often the reason people move into a particular neighborhood.
- **Military Housing Impact on Schools** Military families are often relocated in large numbers, causing significant and rapid changes in neighborhoods and school populations. These fluctuations have a tremendous impact on schools and housing needs.
- **Lack of Diversity in Neighborhoods** increases complexity and responsibility for schools. Low income families tend to be economically concentrated in the same lower income neighborhoods, and it's well documented that in general, as the level of poverty increases in a school, academic achievement suffers. In a recent study in Maryland, low-income students attending moderate-income schools had higher academic achievement than low-income students attending low-income schools. One way to overcome this disparity in access to good schools is to remove barriers to affordable housing in moderate income neighborhoods.
- **Walkable Neighborhoods** *Walking to school is associated with higher overall physical activity throughout the day and better academic performance.* Whether or not a child walks to school is based in a variety of factors including how close they live to school, and how safe they feel walking to school. In many suburban and rural areas of Thurston County, children live too far away to walk to school. Providing transportation to students in suburban or rural districts costs more than providing it in urban areas, where bus routes can be shorter. Locating housing within walking distance to schools makes the housing more attractive, and saves public investments in school transportation.



Transportation

- **Hidden Transportation Costs Related to Housing Location**

Households located in neighborhoods with nearby access to shopping, services, jobs, and schools spend less of their household budget on transportation (since they can often get by with fewer vehicles), leaving more money for other essential goods and services. Local, state, and federal governments also invest heavily in the transportation network. Much of that investment goes into maintaining or widening roads, or building new roads. A community that grows in a compact pattern, with housing located near jobs, goods, and services, requires less road miles per person than a community that has a more dispersed pattern of development.



- **Housing Density affects Transit Service** Transit agencies strive to make the best use of investments of public funding by providing frequent service to areas with the greatest potential for transit ridership. Transit ridership is strongly influenced by housing and employment density. This means that housing located in compact neighborhoods close to urban cores is generally better served by transit than housing located in dispersed and lower density neighborhoods.

Public Outreach and Education

- **Financial Literacy** Add curricula in schools to teach about personal finances and how to transition from the family home to independent living. This will encourage a generation of informed home renters and owners that are more likely to make successful choices in their housing selection. In particular, education will help students understand how much of their household budget can be spent on housing and still provide them with enough resources for essential goods and services as they move out of their family home or student housing.
- **Urban Planning 101** Make planning documents and processes easier for citizens to understand and participate in. A broader public awareness will facilitate a deeper understanding of how zoning policy must accommodate all housing needs in balance. This awareness may help to mitigate instances of public opposition to creating mixed housing types in existing neighborhoods, or increasing densities to build multifamily units in existing neighborhoods.

Summary

This white paper captures the issues surrounding current housing in the Thurston region in general and the opportunities for a sustainable housing plan in particular. Specifically, it provides a summary of some of the plans and actions that are working well in the Thurston regional housing market, the challenges/barriers to a sustainable housing plan, the opportunities for overcoming these challenges/barriers, and the outside threats that may pose difficulties to such a plan.

This white paper will be used to assist regional leadership and community participants in formulation a Regional Plan for Sustainable Development, and in developing and implementing a Regional Housing Plan. Both will be completed by 2014.



EXHIBITS

Exhibit A Market Study – New Home Trends

Exhibit B Demographic Trends for Thurston County

Exhibit C Residential Land Supply for Thurston County

Exhibit D Changes in Household Size in Thurston County

Exhibit E Changes in Home Ownership in Thurston County

Exhibit F Definitions of Common Housing Terms

Exhibit G Estimates of Affordable Housing Stock and Households



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September 30, 2011

RE: Thurston County Market Study Focus Areas

Veena;

The goal of this project was to produce a report which identifies current and future multi-family demand within 10 designated Focus Areas in Thurston County as identified by the Thurston Regional Planning Council. Before the spreadsheet for the Focus Areas could be completed we were tasked with providing a supply versus demand study for both Pierce and Thurston Counties for housing between 2010 and 2040. The following is the executive summary for the Thurston County as well as the spreadsheet with housing and growth data for both Pierce and Thurston County. The spreadsheet on the demand study for the Focus Areas will follow within four weeks.

The data source has been identified on the spreadsheet along with comments on how we arrived at the numbers and other information we felt critical for the maximum use of this document.

County Level Spreadsheet Data (City Centers and Corridors with potential for infill and redevelopment). Six are within Lacey, Olympia, and Tumwater (the North County), and the other four are the city centers of Bucoda, Rainier, Tenino, and Yelm.

Identified projected housing demand for both Pierce and Thurston Counties based on projected population growth from US census data as well as Thurston Regional Planning Council.

Identified the supply of both new single and multi-family that could come out of the pipeline within the next five years.

Identified the average time for developments to come out the pipeline.

Focus Area Spreadsheet Data

Demographics of each Focus Area

Attributes of each Focus Area

Projected population growth for each Focus Area

Projected new housing demand for each Focus Area

Amenities needed to draw developers, builders and residents to each Focus Area

Types of multi-family that will work in each Focus Area

Timing of multi-family housing for each Focus Area

Low medium or high price points of multi-family housing for each Focus Area

EXECUTIVE SUMMARY

KEY FINDINGS FOR THURSTON COUNTY

- Between 2010 and 2030 Pierce County is projected to need an additional 83,000 residential units while Thurston County is projected to need an additional 55,000 residential units. These numbers are rounded.
- Today, in Thurston County there are 18,740 proposed new dwelling units (lots and multi-family units) in the pipeline with another 3,000 recorded finished lots available to build on. Combined proposed and recorded lots and units amounts to 21,740 which is enough potential inventory to meet the projected housing demand for the next ten years.
- 53% of the proposed lots and unit's in the pipeline are located in 15 large developments, two, Lacey Gateway and Bellatore Mixed Use are located inside the six Focus Areas in North County.

Plat Name	Jurisdiction	# of Lots	Typ. Lot Size	Status	App. Date	Hearing Date	Prelim Appr. Date
Britton Place	Lacey	248	3,000	Prelim. Approval	Feb-07	Apr-07	Dec-07
Freestone Ridge	Thurston County	938		Review	Nov-11		
Jubilee	Lacey	212	1,650	Prelim. Approval	Jul-06	May-07	Jun-07
McAllister Springs	Thurston County	264	6,600	Prelim. Approval	Oct-03	Feb-07	Apr-07
Rancho Serino	Thurston County	317	2,700	Prelim. Approval	Jun-05	Jan-06	Dec-06
Sienna 2	Thurston County	206	4,950	Prelim. Approval	Apr-07	Jul-11	Aug-11
Silver Hawk	Thurston County	300	35,000	Prelim. Approval	May-06	Sep-05	Oct-05
Steilacoom Ridge	Thurston County	325		Review	Dec-04		
Tahoma Terra	Yelm	611	5,500	Prelim. Approval	Mar-05	Jul-05	Aug-05
Thurston Highlands	Yelm	5,000		Litigation	Apr-06		
Bellatore Mixed Use	Tumwater	237	High Rise	Prelim. Approval	Apr-05		
Briggs Village Senior Housing	Olympia	200	Low Rise	In for Permit	Mar-99		
Lacey Gateway	Lacey	500	Low Rise	In for Permit			
Stonegate Apartments	Tumwater	226	Low Rise	In for Permit	Jun-08		
Woodland Apartments	Olympia	224	Low Rise	Prelim. Approval	May-08		
Total Plats 15		9,808					
		Total					

- Of the 21,740 proposed and recorded lots and units less than 1,939 are located within the six Focus Areas within North County. Leaving 92% of the proposed new dwelling units in Thurston County outside of these the ten Focus Areas.

- The supply and projected housing demand for Thurston County breaks down as follows for the next ten year period 2010 - 2019:

Product Type	Proposed & Remaining on the Market 9/2011	Projected Housing Demand 2010-2019	Permits Issued 2000-2009
Single Family Detached	16,865	17,074	16,610
Multi-Family	4,875	8,954	2,460
TOTAL	21,740	26,028	19,070

- We estimated that during the next 10 year period only 75% of the units and lots in the pipeline will be permitted reducing the proposed and remaining lots and units on the market to 16,305 instead of the 21,740.
- The projected demand for new multi-family housing will be significantly higher between 2010 and 2020 than the 2000 to 2009 period. Over the past ten years (2000 – 2009) there was a total 2,460 multi-family permits issued in Thurston County.
- The following are several of the reasons for the historical lack of apartment and multi-family construction in Pierce and especially Thurston Counties:
 1. The affordable price of single family housing has been a competitive factor for multi-family housing keeping rents relatively low.
 2. Development money has been slow to flow to multi-family apartments because the land prices have been high compared to the low rents (the numbers just haven't worked).
 3. Impediments to building multi-family include the high cost of fees, parking issues, the mixed use criteria and neighborhood opposition.
 4. Consumers had confidence in the market and were more likely to choose homeownership than rentals.
 5. Cost of re-development runs high making multi-family housing often times unaffordable to the majority of the population.

- This demand for apartment housing will change over the next few decades for the following reason:
 1. Between 2010 and 2019 the demand will be highest for all age apartments simply because most lenders will not lend for vertical financing on condominiums or single family detached. With the current recession many families have lost their homes and will need to rent until they clear their credit, this could take up to seven to ten years.
 2. Purchasing a single family house has and will become harder because of the new regulations.
 3. Today, no one is financing condominium development. That market may not be back for another ten years, however, when it does there will be plenty of pent up demand.
 4. Lenders however are willing to finance new apartment construction. The majority of the multi-family in the permitting process which was slated to become condominiums will now be built as apartments and converted to condominiums when that market returns in 5 to 10 years.
 5. The government is encouraging apartment development and construction rather than homeownership.
 6. Changing demographics, people who live in multifamily housing are typically younger (18 – 30) and older (55 +). For the young it is because they are establishing themselves before they buy a home, for seniors it is a lifestyle choice.
 7. A new survey put out by Met Life Mature Market Institute in January 2011 gives the following breakdown on single family versus multi-family and owners versus renters:

	Households under 55	Households over 55
Single Family Owners	54.31%	70.56%
Single Family Renters	11.79%	5.04%
Total Single Family	66.10%	75.60%
Multi-Family Renters	27.57%	15.38%
Multi-family Owners	6.33%	9.01%
Total Multi-Family	30.90%	24.39%

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8. There will be more transit Focus Areas which will encourage transit riders which in turn will or should encourage higher density developments within walking distance to these transit Focus Areas.
9. For many today the idea of renting is more appealing than the idea of owning a home with the risk of losing it. Confidence in the ownership market will return but it will be at least ten years.
10. Jurisdictions are willing to look at and change their zoning laws to increase density to meet their growth management projections.

Military and Affordability:

- As with the rest of the region, Thurston County has felt the downturn in the housing market; however, it has fared better than the rest of the region as a whole, in terms of months of spec inventory, unemployment rates and depreciation of home values, partly due to Joint Base Lewis McChord (JBLM) and government employees. The first-time buyer has been driving sales in the region as well as Thurston County.
- In Thurston County, the military accounts for a large percentage of the buyers and has kept the market in better shape than King, Pierce and Snohomish counties, especially as troops returned home from the war. According to Deputy Garrison Commander at JBLM the number of military and dependents will increase by 40,800 between 2008 and 2015 in Thurston County, much of this increase has already happened. It is projected that 75 percent of the military population live off base with 14,364 in Thurston County.
- JBLM does not provide growth projections beyond two year periods due to changes in administration, however according to a Technical Memorandum by RKG, who conducted a Housing Needs Assessment for JBLM, between 2010 and 2016 there will be an estimated 2,126 soldiers and related family members who will seek housing in areas located off the base.
- According to Washington State Employment Security, state and local government account for roughly 30% of all jobs in Thurston County.
- In Q4 2010 The Housing Affordability Index (HAI) in Thurston County had an affordability index of 162.0 indicating affordability in the county. The first time HAI was at 92.9 also indicating affordability. The HAI measures the ability of a typical family to make payments on a median priced resale home. It assumes a 20% down payment and a 30-year mortgage. When the index is 100, there is a balance between the family's ability to pay and the cost of the home.

- The HAI also provides a first-time buyer index. It assumes the purchaser's income is 70% of the median household income and the home purchased by first-time buyers is 85% of the area's median price. All loans are assumed to be 30-year loans. The first-time buyer index assumes a 10% down payment. It is assumed 25% of income can be used for principal and interest payments. In the Q4 2010 the first-time buyer HAI was at 92.9. Although not at 100, the first time buyer HAI is at its highest point since January 2007 when it was at 64.5. The average first time buyer index was 66.0 in 2008, and 81.7 in 2009 and 88.2 in 2010.
- The following table breaks down the 2010 Thurston County households by age and income and what they can afford to either rent or buy based on their incomes:

Thurston County Age by Income									
2010 Income Levels	Price of home they can afford based on 20% down & 7% mortgage	Rental rates they can afford	Age Range						TOTAL
			25-34	35-44	45-54	55-64	65-74	75+	
<i>Total # of Households by Age Range</i>			17,241	17,886	21,957	19,548	10,580	9,406	96,618
Under \$25,000	Under \$90,000	\$520 and below	2,835 16%	1,906 11%	1,844 8%	2,237 11%	2,443 23%	3,228 34%	14,493 15%
\$25,000-\$49,999	\$90,000 - \$179,996	\$520 - \$1042	5,280 31%	4,159 23%	4,145 19%	3,794 19%	3,036 29%	2,815 30%	23,229 24%
\$50,000-\$74,999	\$180,000 - \$269,996	\$1042 - \$1562	5,257 30%	5,370 30%	5,394 25%	4,768 24%	2,360 22%	1,558 17%	24,707 26%
\$75,000-\$99,999	\$270,000 - \$359,996	\$1563 - \$2083	2,418 14%	3,403 19%	5,101 23%	4,000 20%	1,370 13%	931 10%	17,223 18%
\$100,000-\$149,999	\$360,000 - \$539,996	\$2083 - \$3125	1,081 6%	2,420 14%	4,360 20%	3,468 18%	1,013 10%	573 6%	12,915 13%
\$150,000-\$199,999	\$540,000 - \$719,996	\$3125 - \$4167	231 1%	374 2%	666 3%	805 4%	214 2%	217 2%	2,507 3%
\$200,000 - \$249,999	\$720,000 - \$899,996	\$4167 - \$5208	96 1%	135 1%	250 1%	280 1%	106 1%	70 1%	937 1%
\$250,000-\$499,999	\$900,000 - \$1,799,996	\$5208 - \$10,417	41 0%	110 1%	184 1%	180 1%	33 0%	14 0%	562 1%
\$500,000 +	\$1,800,000 +	\$10,417 +	2 0%	9 0%	13 0%	16 0%	5 0%	0 0%	45 0%
(Age Range)			25-34	35-44	45-54	55-64	65-74	75+	Total
			17,241	17,886	21,957	19,548	10,580	9,406	96,618

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As rentals gain favor over the next several decades the types of rentals will evolve from the three storey woody walkup buildings with 2 car exterior parking stalls per unit to the following:

1. Townhomes with attached garages, suburban and urban in style, these will be convertible to condominiums once that market returns.
2. Age restricted and age targeted low and mid-rise independent rental buildings in urban location. Their will be some smaller builders in more suburban location, however, the preference will be for a more urban locations where services are more readily available.
3. Low and mid rise buildings in suburban and urban locations targeting singles.
4. High rise buildings in urban locations within walking distance to everything; jobs, shopping and recreation targeting professional singles and couples of all ages with no children.
5. With the senior population (over 65) rising over 100% between 2010 and 2040 in Thurston County there will be significantly more demand for senior housing in the future. These aging baby boomers will force developers to design innovative newer and better housing for seniors.

More group homes for people with shared lifestyles.

More shared housing with their children, ground related accessory dwelling units with kitchens will become more in demand.

6. The Thurston County senior housing demand started in 2010 but will be highest between 2020 and 2030 for independent living, assisted living and memory care units simply because of the demographics.
7. In the near future existing single family detached homeowners will want the opportunity to add an accessory dwelling unit that is ground related for an aging parent or a caregiver for themselves. The challenge is the zoning laws that are currently in place which typically prohibit this type of structure from being built.
8. As many of the seniors in Thurston County currently live in suburban and exurban areas the amenities that will attract these seniors to move to the Focus Areas are:
 - a. Public transportation
 - b. Safe neighborhoods
 - c. Close to medical

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- d. Good sidewalks
- e. Neighborhood shopping
- f. Close to public services
- g. Close to leisure activities
- h. Close to families
- i. Parks and recreation
- j. Restaurants

Each Focus Area data set is presented first by itself with comments followed by a comparison summary showing all ten Focus Areas.

We found the data in the Focus Areas much different from the County data. This is due to the limited number of people currently living in the Focus Areas, the age of the housing and the number of rentals in the Focus Area.

What we have found so far is that the majority of people who would buy into the higher density corridors do not currently live there as they moved out to the suburbs to buy new housing as there were very few choices if any in new housing in the Focus Areas for years.

We surveyed each Focus Area for amenities already in place as these are things that will attract people into living in higher density areas. The higher the walk scores the more desirable and ready for higher density the Focus Area is.

Details to consider when designing and redeveloping neighborhood include:

- **Begin with the public spaces** as the framework around which housing, retail and commercial buildings are planned and designed.
- **Build a strong sense of community** for residents and workers by creating social gathering places.
- **Provide a sense of place** and a variety of destinations. This is sometime referred to as the Power of Ten, or providing ten destination places or interest areas within one community or neighborhood.
- **Offer a wide range of uses and activities** so that they are vibrant and well-used during all seasons, and serve a variety of people of all ages, races and economic levels.
- **Support transit options** and smart growth principles.

A key to the success of a community is creating a neighborhood where residents interact with each other, which in turn creates a sense of community, safety, and pride. One way to measure the success of the community is to ensure all the elements of a healthy community

are met in order to improve the social, economic and physical well-being of their people, places, and natural environments. The items below are element of healthy communities:

- Designed to be walkable, sustainable and human-scaled.
- Promote physical activity within the course of daily living.
- Contain clearly identifiable Focus Areas and edges.
- Planned to be interconnected by convenient, attractive and safe streets, walks and trails.
- Provide accessible, multiple-use public squares, plazas and parks.
- Support diverse housing choices for all ages, incomes and families.
- Offer transportation options that reduce auto use and make transit convenient.
- Provide balanced work, shopping, educational and recreational opportunities.
- Encourage economic, environmental and cultural responsiveness and sustainability.

Strong design, careful planning, open spaces and pedestrian amenities will all be important. It will also be important to have a strong entrance that identifies the community and creates a sense of arrival.

Buildings with shops should front the sidewalks and contain businesses such as cafes, small grocery stores, and dry cleaners that are useful to the residents of the community. Weather-protected benches and bike racks should be located at the bus stops. Another important ingredient for success is the integration of the cultures. When designing community spaces such as parks, use beautiful materials that are either native to the area or are important to the different resident cultures.

With this thought of healthy community and integration in mind, we have evaluated possible amenities and services and have included those that will be most beneficial to the community. Based on our experience of completing market analysis for communities throughout the Puget Sound region, we have listed the services and amenities recommended for Focus Are below:

- Upgraded streets and sidewalks.

The area should feel safe and walkable, with tree-lined sidewalks and roads. Covered bus stops/waiting areas should be incorporated to give the area a secure/safe feeling.

- Walking trails, courtyard areas, pocket parks, benches, green/open spaces.

To add to the community, these features will provide gathering areas and be visually appealing as well. Seating areas, stand-alone benches and fixed waste paper/recycling cans must also be centrally located. Walkways will give the impression of a visually pleasing walking area. Dog parks are also a new trend that has been shown to give neighborhoods a community-oriented atmosphere.

- Service-oriented retail.

Retail services missing in the area or that can be expanded include, but are not limited to: bicycle shops, newsstand/bookstores, small home furnishing stores, clothing stores, florists, office supply/stationery/shipping and gift stores, full service restaurants, cafés, cleaners, banks, hair salons, spas, and specialty food services.

- Food, restaurants, and grocery options.

Food, restaurant, and grocery options should be centrally located for convenience and should include: coffee shops, small eating cafes, sub shop/fast food options (not drive-through chains), a grocery store, juice/smoothie bars, full scale restaurants, and bakery/bagel shops.

- Public art, water features, cultural points of interest.

Integrated into the previously mentioned open/green spaces, public art, water features, and cultural points of interest are necessary to the overall feeling and layout of the neighborhood. Also, interactive public art would give the neighborhood a family-oriented feeling.

Pierce and Thurston County Supply and Demand Data

PROJECTED DEMAND	Source	Pierce County	Thurston County	Comments
Estimated Total 2010 Population	9	836,668	253,422	
Projected Population Growth 2010 - 2020		111,255	56,017	OFM Medium GMA Projection (P) TCRP (T)
Projected Population Growth 2021 - 2030		103,030	60,427	OFM Medium: 2020 Estimate - 947,923 (P) TCRP 309,438 (T)
Projected Population Growth 2031 - 2040		102,095	57,127	OFM Medium: 2030 Estimate - 1,050,953 (P) 369,866 (T)
TOTAL PROJECTED POPULATION GROWTH 2010 - 2040		316,380	173,571	Growth Based on Previous 10 Year growth rate of: 1.1% - 1,156,048 (P) 1.5% (T)
Estimated Total 2010 Housing Units	9	330,539	108,176	US Census/TCRP
Projected Medium housing demand 2010 - 2020	4 & 5	42,956	26,028	Thurston County: TCRP projected household demand using occupied and vacant units
Projected Medium housing demand 2021 - 2030	4 & 5	39,780	28,946	Pierce County HH size determined by ESRI 2010 household size of 2.59
Projected Medium housing demand 2031 - 2040	4 & 5	39,419	25,478	Growth Based on % of previous 10 year growth 1.1% for Pierce County
TOTAL PROJECTED HOUSEHOLD GROWTH 2010 - 2040		122,154	80,452	
Projected Detached Single Family Demand	4 & 5	26,718	17,074	Used ESRI 2015 % of rentals versus homeownership to calculate future SFD and MF
Single family detached 2010 - 2020		24,743	18,989	
Single family detached 2021 - 2030		24,519	16,714	Owner - 65.6%; Rental - 34.4%; (T) Owner - 62.2%; Rental - 37.8% (P)
Single family detached 2031 - 2040		75,980	52,777	
TOTAL PROJECTED SINGLE FAMILY DEMAND 2010 - 2040				
Projected housing Multi-Family Demand	4 & 5	16,237	8,954	Used ESRI 2015 % of rentals versus homeownership to calculate future SFD and MF
Multi-family (includes apartments, condos, senior housing) 2010 - 2020		15,037	9,957	
Multi-family (includes apartments, condos, senior housing) 2021 - 2030		14,900	8,764	
Multi-family (includes apartments, condos, senior housing) 2031 - 2040		46,174	27,675	
TOTAL PROJECTED MULTI-FAMILY DEMAND 2010 - 2040				
Projected job growth 2010 - 2020	4 & 5	98,220	31,300	Pierce County 2010 - 2030
Projected job growth 2021 - 2030			25,600	Workforce Explorer Nonfarm Employment (P)
Projected job growth 2031 - 2040			27,400	TRPC (T)
Median Age 2010	9	35.6	38.5	Pierce is younger, more kids, less affluent

Pierce and Thurston County Supply and Demand Data

PROJECTED DEMAND				Pierce County	Source	Comments
Pierce County Population by Age						
	2010	2020	2030	2040	Change 2010- 2030	
	Population	Population	Population	Population	Difference	% Difference
Under 20	231,084	251,121	20,037	274,048	22,927	8%
20-24	60,282	59,713	(569)	64,735	5,022	8%
25-34	115,711	131,926	16,215	129,499	(2,427)	-2%
35-44	116,187	124,885	8,698	142,400	17,515	12%
45-54	127,811	120,677	(7,134)	129,246	8,569	7%
55-64	96,246	92,246	(4,000)	118,426	(6,596)	-6%
65-74	51,364	85,355	33,991	111,152	25,797	23%
75-84	26,684	36,105	9,421	61,631	25,526	41%
over 85	11,319	1,800	(9,519)	19,816	6,697	34%
Total	836,688	947,923	111,235	1,050,953	103,030	10%
Source: OFM						
Thurston County Population by Age						
	2010	2020	2030	2040	2040%	% Difference
	Population	Population	Population	Population	Difference	2010-2040
0-14	47,574	57,151	9,577	74,927	27,353	57%
15-24	35,482	39,867	4,385	55,200	19,718	56%
25-34	32,739	40,359	7,621	52,593	19,854	61%
35-44	33,835	40,832	6,996	54,762	20,927	62%
45-54	40,162	40,597	435	58,310	18,047	45%
55-64	32,875	41,334	8,460	49,615	16,741	51%
65-74	16,818	30,342	13,525	39,737	22,919	136%
75-84	9,459	13,561	4,102	31,773	22,314	236%
85+	4,478	5,345	867	10,177	5,699	127%
	253,422	309,838	56,017	426,993	173,571	68%
Source: Thurston County Regional Council						
Median household income 2010				9	\$57,879	\$60,237
Median household income 2020					\$77,785	\$80,954
Median household income 2030					\$104,535	\$108,794
Median household income 2040					\$140,487	\$146,211
Percentage of homeownership				9	57.70%	62.80%
Percentage of rental housing 2010 (apartments and house)				9	33.40%	31.50%
<p>Senior housing demand starts in 2010 and ends in 2040 in Pierce and Thurston Independent, assisted and memory care unit demand will be highest between 2020 and 2030</p> <p>Median HH income can afford \$200-\$230,000 in 2010 Projections based on annual 3% increase</p> <p>2015 ESRI Market Profile Higher demand for SFD in Thurston Higher demand for apartments in Pierce</p>						

Pierce and Thurston County Supply and Demand Data

PROJECTED SUPPLY	Source	Pierce County	Thurston County	Comments
Recorded remaining finished lots in current selling plats July 1, 2011	6	6,345	3,134	
Total single family detached lots in the pipeline as of July 1, 2011 In Final Plat could be recorded within 6 months With Preliminary Plat Approval (could be recorded finished lots within 18 months) In Review Process (could be recorded finished lots by 2014)	6	20,428 1,706 15,152 3,569	13,873 156 6,331 7,386	
Years of pipeline supply July 1, 2010 (pipeline lots - 25% which will never come out With Final Plat Approval With Preliminary Plat Approval In Review Process	6	6.4 0.5 4.7 1.1	9.8 1.1 4.5 5.2	Using the 10 year average of building permits
Number of new unsold multi family as of July 1, 2011	6	672	222	
Number of multi-family in the pipeline as of July 1, 2011 (apartments, condos, senior)	6	12,560	4,840	
Years of multi-family supply in the pipeline based on building permit data	6	12.2	19.67	Based on 10 year average of Multi-Family building permits
Years of multi-family supply in the pipeline based on projected MF demand 2010-2010	6	7.8	6.1	Based on projected multi-family demand over the next ten years
Average yearly number of SFD permits between 2000 - 2010	1	3,641	1,661	
Average yearly number of multi-family permits between 2000 - 2010	1	1,029	246	
Top Tapestry Segments with % of households Up and Coming families Mainstreet USA Inner City Tenants Green Acres Sophisticated Squires Midland Crowd In Style Aspiring Young Families Exurbanites Old and Newcomers Prosperous Empty Nesters Cozy and Comfortable	9 9 9 9 9 9 9 9 9 9 9 9	9.60% 8.10% 7.50% 6.90% 6.40% 5.90% 3.30% 5.50% 6.10% 4.50% 3.80% 4.40%	3.30% 4.80% 1.40% 6.40% 4.80% 18.70% 11.50% 9.20% 9.00% 6.20% 3.60% 3.60%	Young affluent suburban families with children (homeowners) Suburban move up buyers (homeowners) Inner city apartment dwellers (apartment renters) Educated, hardworking families on the suburban fringes (homeowners) Affluent, well educated, have longer commutes, fewer neighbors (homeowners) Rural families living in single family homes, don't move unless necessary (homeowners) Prof. couples with few children favor urban settings (own townhomes, condos & SFD) Creates demand for entry level homes and apartments (townhomes, apartments, condos) Live in extreme suburban settings (homeowners) Urban dwellers live in college towns (townhomes, apartments, older single family homes) Well educated married couple still working, live in older single family homes (homeowner) Couples w/w out kids live in urban clusters in metro areas short commutes (homeowners)

Pierce and Thurston County Supply and Demand Data

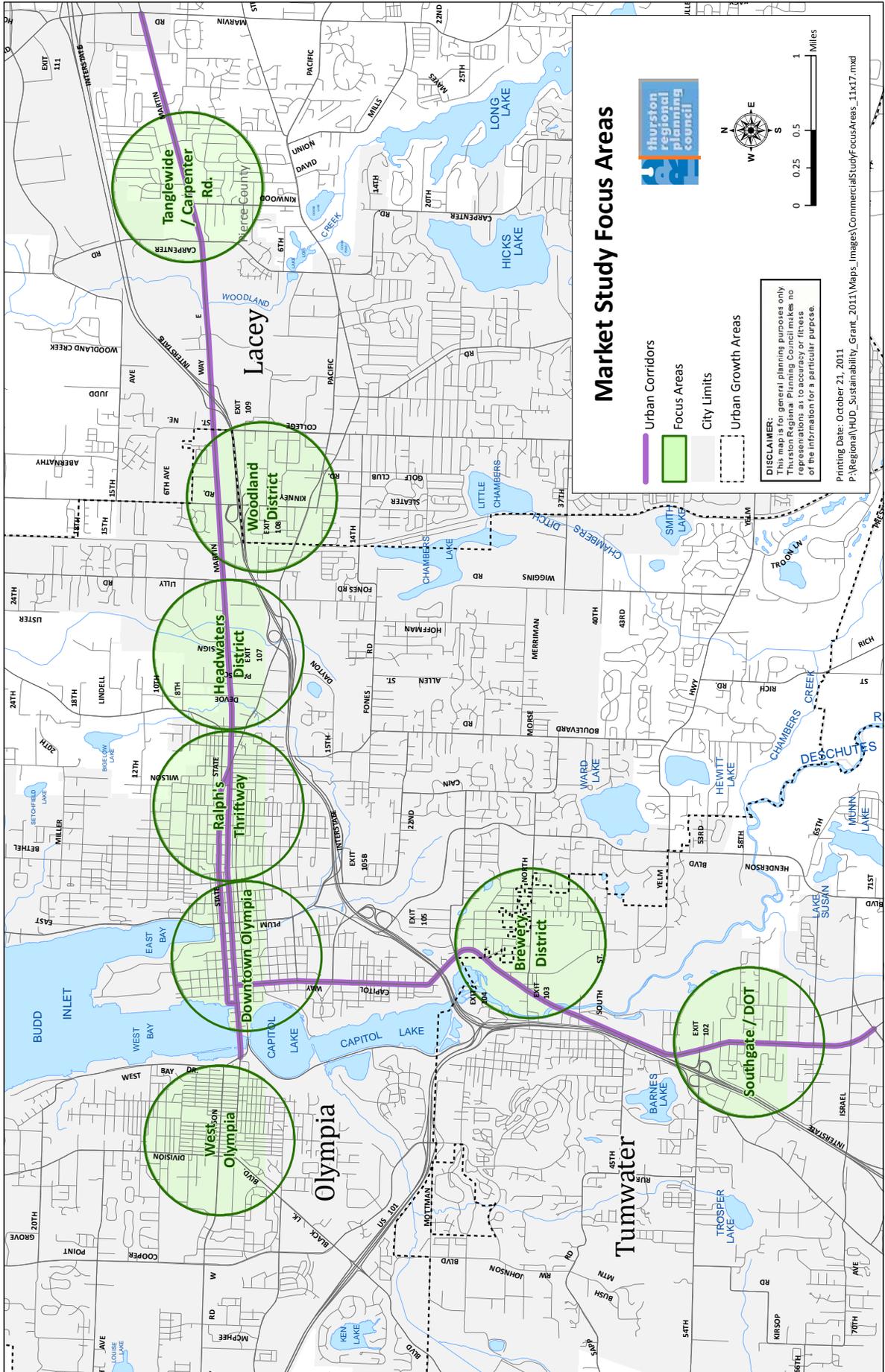
PROJECTED SUPPLY	Source	Pierce County	Thurston County	Comments
Average time from plat application to recording	6	7.9 years	5.8 years	
Average time from start of sales to sell out of attached product	6	2.2 years	3 years	
Average time from start of sales to sell out of a new single family development	6	3.4 years	4.3 years	
Average lot size of closed new homes in subdivisions in 2011	6	5,500	4,900	smaller lots mean less expensive homes
Average lot size of recorded vacant lots in subdivisions 6/2011	6	7,000	7,500	
Average lot size of lots in the pipeline 6/2011	6	6,500	5,750	
Average size of new homes in subdivisions closed in first half of 2011	6	2,126	2,103	
Average price of new closed homes in subdivisions in first half of 2011	6	\$234,973	\$242,470	Thurston Co is now higher because new housing available is closer to I-5
Average number of new attached sales per year - 10 year average	6	509	80	
Average number of new single family sales per year - 10 year average	6	2,395	1,057	
Median price of new single family homes available mid 2011	6	\$243,720	\$259,900	
Median value of all housing in the County	6	\$262,400	\$248,700	
Median price of re-sale single family homes available 6/1/2011	6	\$226,950	\$254,700	Only \$5,000 separate new & resale price
Median price of new for-sale attached multi-family 6/1/11	6	\$329,400	\$239,950	higher in Pierce because of steel and concrete
Median price of re-sale condominiums available 6/1/2011	6	\$180,000	\$180,950	
March 2011 Vacancy rate (all units in buildings with 20+ units)	7	5.60%	5.20%	Vacancy rates trending down
Five year vacancy rate average (all units in buildings with 20+ units)	7	5.90%	4.60%	Vacancy rates trending down
Average apartment rents 3/11 for all units in buildings with 20+ units	7	\$820	\$834	Rents trending up as vacancies come down
Average apartment rents 3/11 for all units built after 2010 in building with 20+ units	7	\$1,043	\$1,142	Rents trending up as vacancies come down
Average price of SFD land with review status (no preliminary plat approval) mid 2011	6	\$145,015	NA	No sales in Thurston

Pierce and Thurston County Supply and Demand Data

PROJECTED SUPPLY	Source	Pierce County	Thurston County	Comments
Average price per SFD lots with preliminary plat approval mid 2011	6	\$89,866	\$64,377	
Average price per SFD lot at final plat approval (85 - 95% plat completion) mid 2011	6	N/A	N/A	
Average price for a recorded SFD finished lot 1/1/11 - 6/1/11	6	\$42,743	\$46,118	
Average price of multi-family land in mid 2011	6	N/A	N/A	
Average price of multifamily land that is pad ready (streets, sewer, water) mid 2011	6	N/A	\$18,000	

Pierce and Thurston County Supply and Demand Data

PROJECTED HOUSING DEMAND BY DENSITY/PRODUCT TYPE	Source	Pierce County	Thurston County	Comments
Identify the projected housing demand by type between 2010-2020				
Single Family Detached (6 Units per acre) Includes carriage units, adult family homes	6	27,000	16,900	For families and seniors with boomerang kids, elderly parents or extended families
Townhomes 10 to 15 Units Per Acre (25% of MF demand) includes live work townhomes		4,000	2,340	Singles & couples w/o full time children (can be row house, duplex to four plex)
Low Rise Buildings 18 Units per acre (50% of MF demand)		8,000	4,420	Singles (apartments & condos), families (apartments), seniors (senior housing & condos)
Mid Rise Buildings (24 to 36 units per acre wood frame) (20% of MF demand)		2,400	1,600	For professional singles, couples with no children and seniors
High Rise Buildings (9+ floors steel and concrete building) (5% of MF demand)		1,600	520	For professional singles, couples with no children and seniors
TOTAL PROJECTED HOUSING DEMAND BETWEEN 2010-2020 (ROUNDED)		43,000	26,000	
Identify the projected housing demand by type between 2021-2030				
Single Family Detached (6 Units per acre) Includes carriage units, adult family homes	6	25,000	16,500	For families and seniors with boomerang kids, elderly parents or extended families
Townhomes 10 to 15 Units Per Acre (25% of MF demand) includes live work townhomes		3,750	2,250	Singles & couples w/o full time children (can be row house, duplex to four plex)
Low Rise Buildings 18 Units per acre (50% of MF demand)		7,500	4,000	Singles (apartments & condos), families (apartments), seniors (senior housing & condos)
Mid Rise Buildings (24 to 36 units per acre wood frame) (20% of MF demand)		2,250	1,750	For professional singles, couples with no children and seniors
High Rise Buildings (9+ floors steel and concrete building) (5% of MF demand)		1,500	500	For professional singles, couples with no children and seniors
TOTAL PROJECTED HOUSING DEMAND BETWEEN 2021-2030 (ROUNDED)		40,000	25,000	
Identify the projected housing demand by type between 2031-2040				
Single Family Detached (6 Units per acre) Includes carriage units, adult family homes	6	25,000	16,575	For families and seniors with boomerang kids, elderly parents or extended families
Townhomes 10 to 15 Units Per Acre (25% of MF demand) includes live work townhomes		3,750	2,295	Singles & couples w/o full time children (can be row house, duplex to four plex)
Low Rise Buildings 18 Units per acre (50% of MF demand)		7,500	4,335	Singles (apartments & condos), families (apartments), seniors (senior housing & condos)
Mid Rise Buildings (24 to 36 units per acre wood frame) (15% of MF demand)		2,250	1,275	For professional singles, couples with no children and seniors
High Rise Buildings (9+ floors steel and concrete building) (10% of MF demand)		1,500	765	For professional singles, couples with no children and seniors
TOTAL PROJECTED HOUSING DEMAND BETWEEN 2031-2040 (ROUNDED)		40,000	25,500	
SOURCE KEY				
1. US Census				
2. ACS Housing Summary				
3. ACS Population Summary				
4. OFM				
5. Thurston Regional Planning				
6. New Home Trends, Inc.				
7. Dupre and Scott				
8. North West Multiple Listing Service				
9. ESRI forecasts for 2010 & 2015 based on 2000 US Census				



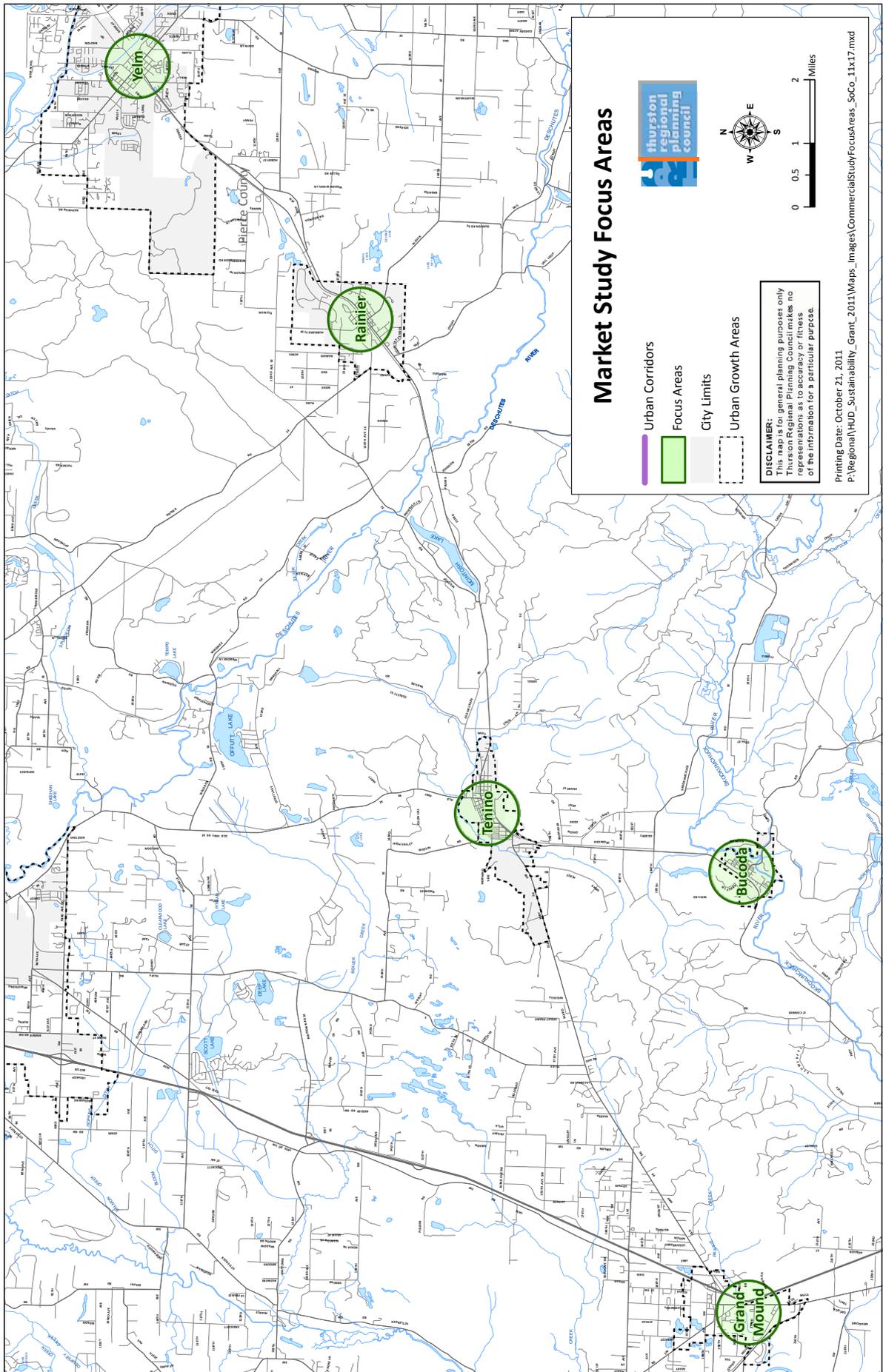


Exhibit B - Demographic Trends for Thurston County
Thurston Regional Planning Council Technical Brief

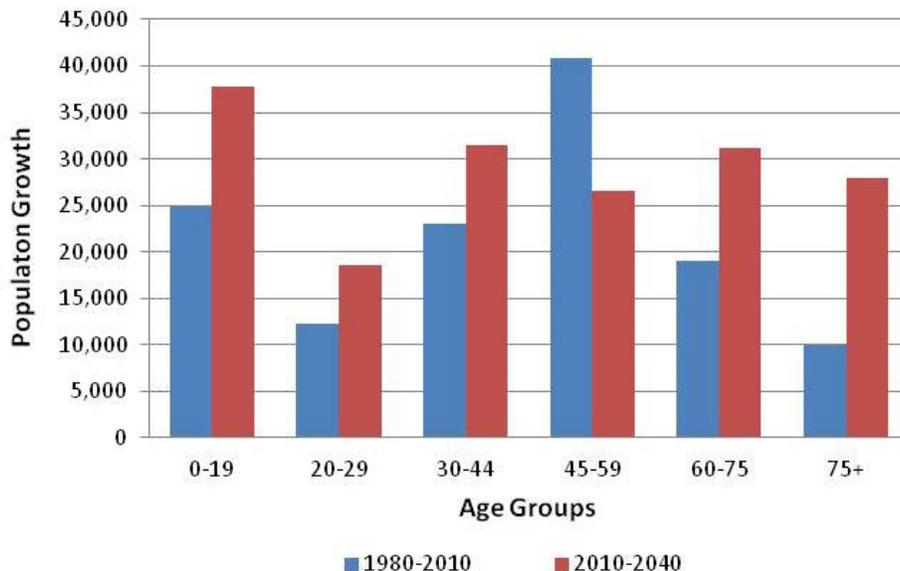
Homeownership is traditionally higher in Thurston County than the National Average. Homeownership in Thurston County is following national trends, and is showing a slight decline with the recession.

Population Forecast

TRPC’s latest population forecast shows that an additional 170,000 people are expected to move to Thurston County by 2040. Population growth occurs both due to natural increase (births minus deaths) and net migration (or the difference between people moving to the county minus those moving out). In general, migration into Thurston County is higher than that of Washington State – perhaps reflecting the high quality of life and stable economy.

A comparison of growth by age group gives an indication of how planning needs are changing. Between 1980 and 2010 we saw strong growth in the 45-59 age group – an age group that typically sought out single family homes in the suburbs. In the next 30 years, this particular age group will be a smaller portion of the market – with the younger age group (Millennium/Baby Boom Echo Generation) and older age groups (Baby Boom) driving the housing market. These age groups tend to seek out smaller, more accessible housing in neighborhoods with greater activity and accessibility.

Demographic Differences between the Past and Future 30 year Planning Periods
Thurston County, Washington



Population Forecast by Age-Gender Cohorts Thurston County, 1980-2040

Age	1980			1985			1990			1995		
	Males	Females	Total									
0-4	4,918	4,762	9,680	5,592	5,268	10,860	6,085	5,605	11,690	6,845	6,432	13,277
5-9	4,945	4,683	9,628	5,458	5,196	10,654	6,586	6,296	12,882	7,339	7,024	14,363
10-14	5,410	5,050	10,460	5,440	5,063	10,503	6,393	5,864	12,257	7,861	7,220	15,081
15-19	5,685	5,424	11,109	5,502	5,275	10,777	5,786	5,572	11,358	6,994	6,567	13,561
20-24	5,323	5,436	10,759	5,252	5,419	10,671	5,176	5,293	10,469	5,853	5,946	11,799
25-29	5,507	5,966	11,473	5,884	6,115	11,999	5,868	6,134	12,002	6,460	6,426	12,886
30-34	5,395	5,633	11,028	6,041	6,499	12,540	6,631	7,189	13,820	7,366	7,644	15,010
35-39	4,395	4,339	8,734	5,862	6,226	12,088	6,947	7,729	14,676	8,003	8,711	16,714
40-44	3,341	3,241	6,582	4,671	4,648	9,319	6,645	6,947	13,592	7,886	8,509	16,395
45-49	2,926	2,927	5,853	3,552	3,522	7,074	5,092	5,019	10,111	7,101	7,430	14,531
50-54	2,855	3,005	5,860	3,039	3,044	6,083	3,663	3,595	7,258	5,439	5,390	10,829
55-59	2,757	3,005	5,762	2,842	3,112	5,954	3,025	3,265	6,290	3,903	4,005	7,908
60-64	2,471	2,635	5,106	2,799	3,183	5,982	2,861	3,265	6,126	3,185	3,421	6,606
65-69	1,924	2,273	4,197	2,355	2,702	5,057	2,771	3,293	6,064	2,916	3,384	6,300
70-74	1,379	1,830	3,209	1,831	2,311	4,142	2,230	2,659	4,889	2,642	3,298	5,940
75-79	867	1,382	2,249	1,131	1,704	2,835	1,495	2,158	3,653	1,806	2,555	4,361
80-84	508	946	1,454	632	1,169	1,801	812	1,501	2,313	1,124	1,903	3,027
85+	346	775	1,121	403	994	1,397	510	1,278	1,788	697	1,660	2,357
Total	60,952	63,312	124,264	68,286	71,450	139,736	78,576	82,662	161,238	93,420	97,525	190,945

Sources: 1980, 1990 and 2000 Census, 1985, 2005, 2005 OFM Estimates, and TRPC - Population and Employment Forecast Work Program, 2009.

Explanation: Figures are as of April 1; darkest shading represents baby boom echo; lighter shading represents baby boom.

Population Forecast by Age-Gender Cohorts Thurston County, 1980-2040

Age	2000			2005			2010			2015		
	Males	Females	Total									
0-4	6,597	6,293	12,890	6,867	6,571	13,438	7,594	7,227	14,821	8,168	7,769	15,937
5-9	7,330	7,049	14,379	7,244	6,989	14,233	8,155	7,986	16,141	8,625	8,428	17,052
10-14	7,957	7,390	15,348	8,183	7,597	15,779	8,606	8,007	16,613	9,358	8,798	18,155
15-19	8,224	7,622	15,845	8,813	8,234	17,046	9,305	8,820	18,125	9,449	8,956	18,405
20-24	6,690	6,701	13,391	7,794	7,801	15,595	8,682	8,675	17,357	8,838	8,872	17,710
25-29	6,538	6,428	12,967	6,905	6,757	13,662	8,565	8,565	17,130	9,007	9,045	18,052
30-34	7,070	7,068	14,138	6,885	6,854	13,739	7,857	7,752	15,609	9,011	8,994	18,005
35-39	7,929	8,370	16,298	7,670	7,920	15,590	8,140	8,242	16,382	8,788	8,838	17,626
40-44	8,304	9,101	17,405	8,425	9,195	17,620	8,588	8,866	17,454	8,778	8,913	17,691
45-49	8,295	9,007	17,302	9,235	9,915	19,150	9,543	10,313	19,856	9,408	9,722	19,130
50-54	7,514	7,777	15,291	8,813	9,223	18,036	9,847	10,459	20,306	10,027	10,725	20,752
55-59	5,385	5,445	10,830	7,407	7,616	15,023	8,843	9,344	18,187	9,810	10,492	20,302
60-64	3,757	3,852	7,609	5,009	5,128	10,136	7,208	7,480	14,688	8,499	9,029	17,528
65-69	2,972	3,298	6,269	3,488	3,781	7,270	4,832	5,090	9,921	6,809	7,219	14,028
70-74	2,578	3,187	5,766	2,692	3,165	5,857	3,171	3,725	6,896	4,320	4,891	9,212
75-79	2,046	2,980	5,026	2,069	2,897	4,966	2,299	3,012	5,311	2,680	3,468	6,148
80-84	1,396	2,191	3,587	1,585	2,496	4,081	1,652	2,496	4,148	1,802	2,541	4,342
85+	937	2,020	2,957	1,223	2,516	3,739	1,448	3,030	4,478	1,585	3,231	4,816
Total	101,519	105,779	207,298	110,306	114,655	224,961	124,335	129,087	253,422	134,961	139,931	274,892

Sources: 1980, 1990 and 2000 Census, 1985, 2095, 2005 OFM Estimates, and TRPC - Population and Employment Forecast Work Program, 2009.

Explanation: Figures are as of April 1; darkest shading represents baby boom echo; lighter shading represents baby boom.

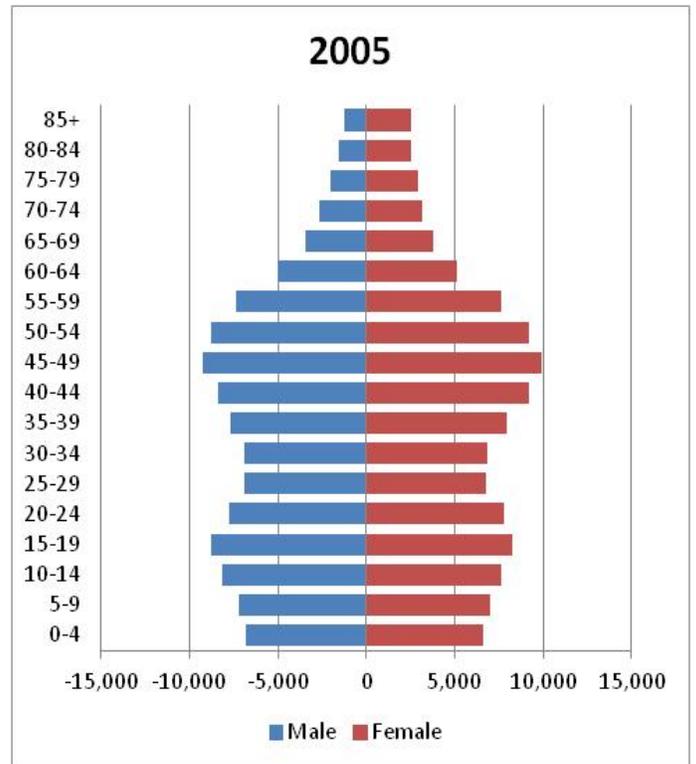
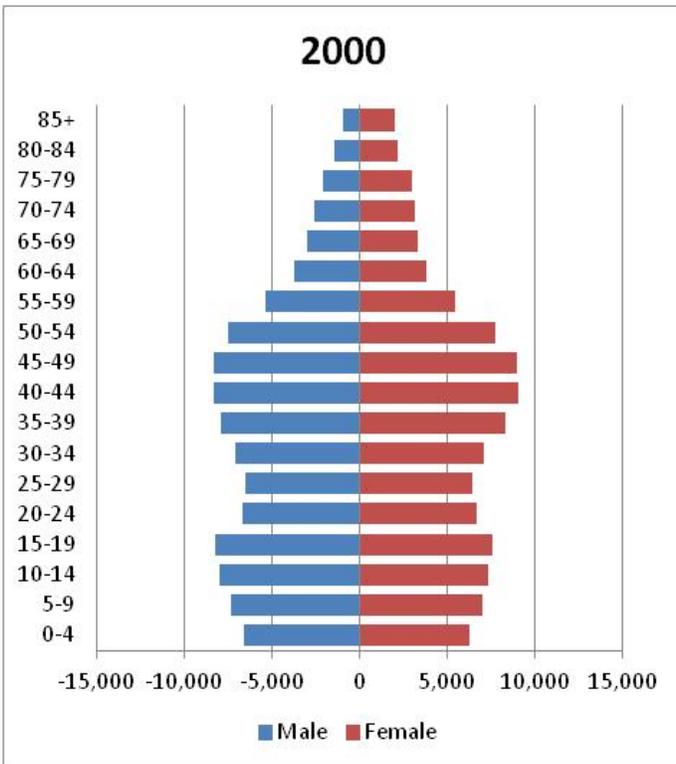
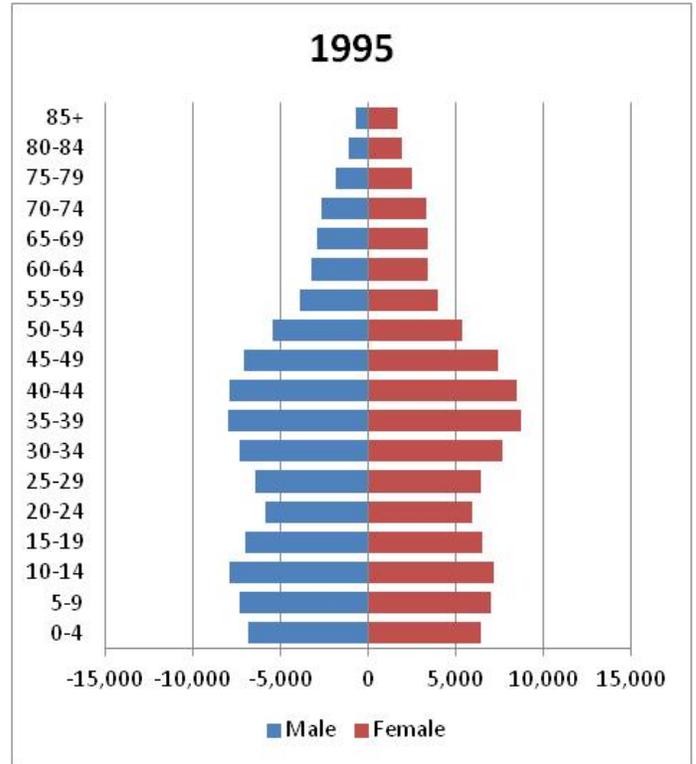
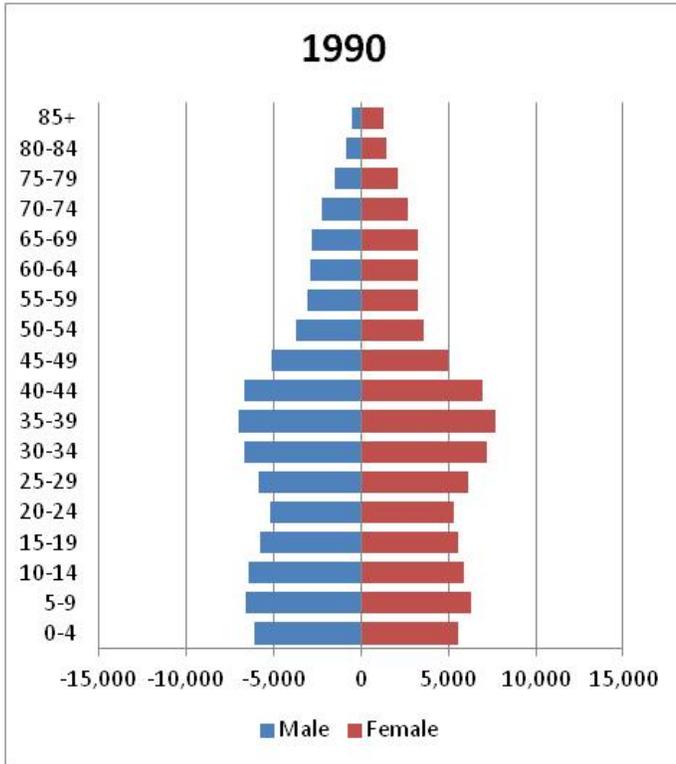
Population Forecast by Age-Gender Cohorts Thurston County, 1980-2040

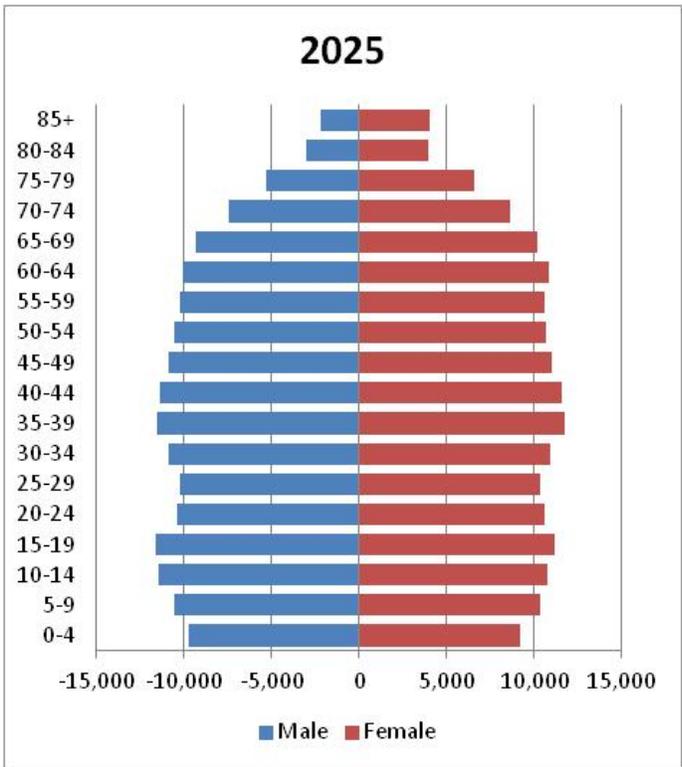
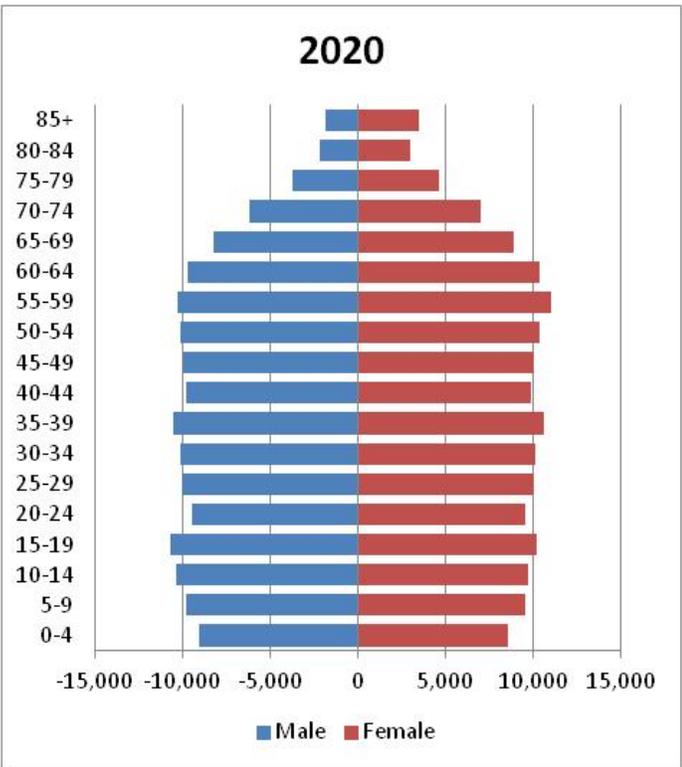
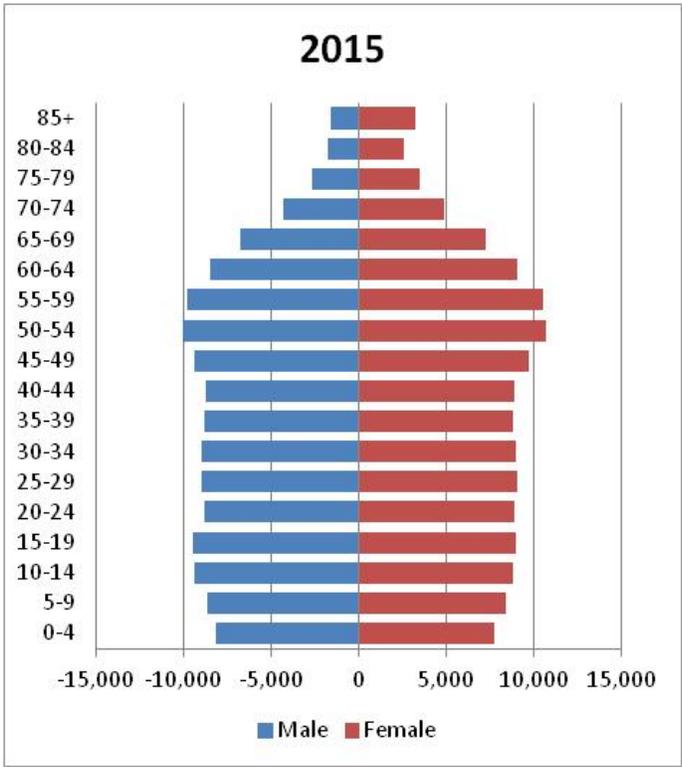
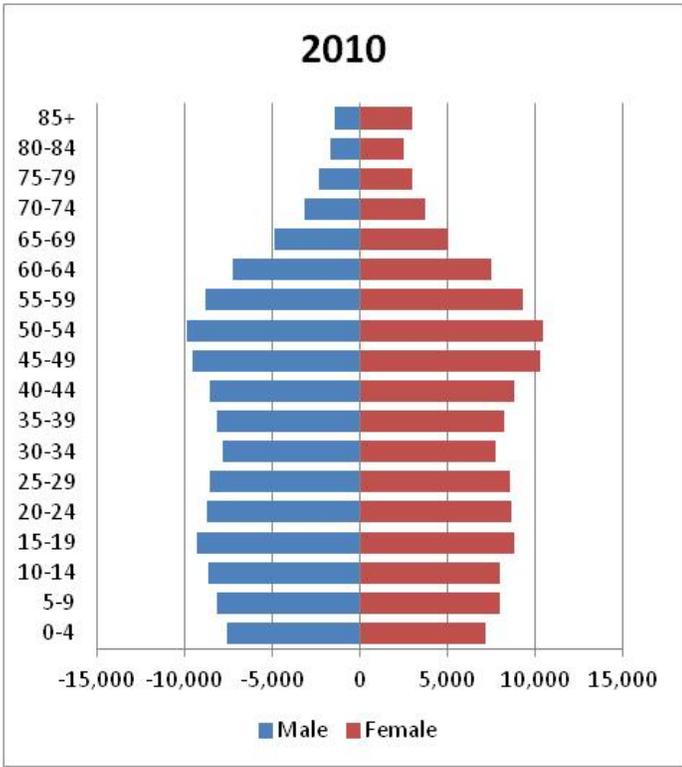
Age	2020			2025			2030			2035			2040		
	Males	Females	Total												
0-4	9,043	8,604	17,647	9,706	9,233	18,938	10,252	9,752	20,004	10,926	10,394	21,320	11,665	11,098	22,763
5-9	9,809	9,572	19,381	10,575	10,327	20,902	11,259	10,996	22,254	11,956	11,677	23,634	12,708	12,413	25,121
10-14	10,374	9,749	20,123	11,506	10,797	22,303	12,340	11,587	23,927	13,168	12,368	25,536	13,945	13,098	27,043
15-19	10,668	10,236	20,903	11,632	11,142	22,774	12,790	12,231	25,021	13,747	13,157	26,904	14,620	13,994	28,615
20-24	9,477	9,586	19,063	10,405	10,582	20,987	11,246	11,418	22,664	12,341	12,518	24,859	13,197	13,389	26,585
25-29	10,001	10,032	20,033	10,235	10,359	20,594	11,137	11,328	22,465	12,075	12,270	24,346	13,104	13,319	26,422
30-34	10,156	10,171	20,326	10,896	10,914	21,810	11,045	11,148	22,193	12,068	12,232	24,301	12,998	13,172	26,170
35-39	10,507	10,626	21,134	11,529	11,709	23,238	12,274	12,476	24,749	12,476	12,772	25,248	13,572	13,948	27,519
40-44	9,808	9,890	19,698	11,420	11,562	22,982	12,453	12,658	25,112	13,279	13,510	26,790	13,458	13,785	27,243
45-49	9,911	10,099	20,011	10,868	11,001	21,869	12,520	12,703	25,223	13,663	13,913	27,577	14,528	14,806	29,333
50-54	10,137	10,399	20,536	10,531	10,678	21,209	11,474	11,562	23,036	13,182	13,302	26,484	14,349	14,527	28,876
55-59	10,250	11,016	21,266	10,269	10,623	20,892	10,624	10,871	21,495	11,571	11,763	23,334	13,244	13,467	26,711
60-64	9,694	10,375	20,068	10,106	10,850	20,957	10,092	10,460	20,553	10,442	10,711	21,152	11,345	11,559	22,904
65-69	8,227	8,887	17,114	9,377	10,172	19,549	9,810	10,651	20,461	9,813	10,310	20,123	10,135	10,540	20,675
70-74	6,183	7,045	13,228	7,452	8,592	16,044	8,534	9,855	18,389	8,987	10,375	19,362	9,001	10,061	19,061
75-79	3,722	4,645	8,367	5,290	6,601	11,891	6,394	8,035	14,429	7,399	9,279	16,678	7,844	9,803	17,647
80-84	2,180	3,014	5,194	2,993	3,991	6,985	4,264	5,649	9,913	5,206	6,912	12,118	6,091	8,035	14,126
85+	1,824	3,520	5,345	2,185	4,028	6,213	2,906	5,074	7,980	3,196	5,078	8,274	3,953	6,223	10,177
Total	151,972	157,467	309,438	166,976	173,161	340,136	181,412	188,454	369,866	195,497	202,541	398,039	209,756	217,237	426,993

Sources: 1980, 1990 and 2000 Census, 1985, 2005 OFM Estimates, and TRPC - Population and Employment Forecast Work Program, 2009.

Explanation: Figures are as of April 1; darkest shading represents baby boom echo; lighter shading represents baby boom.

Age Cohort Graphs Show the Effect of the “Baby Boom” Generation on Demographics in Thurston County





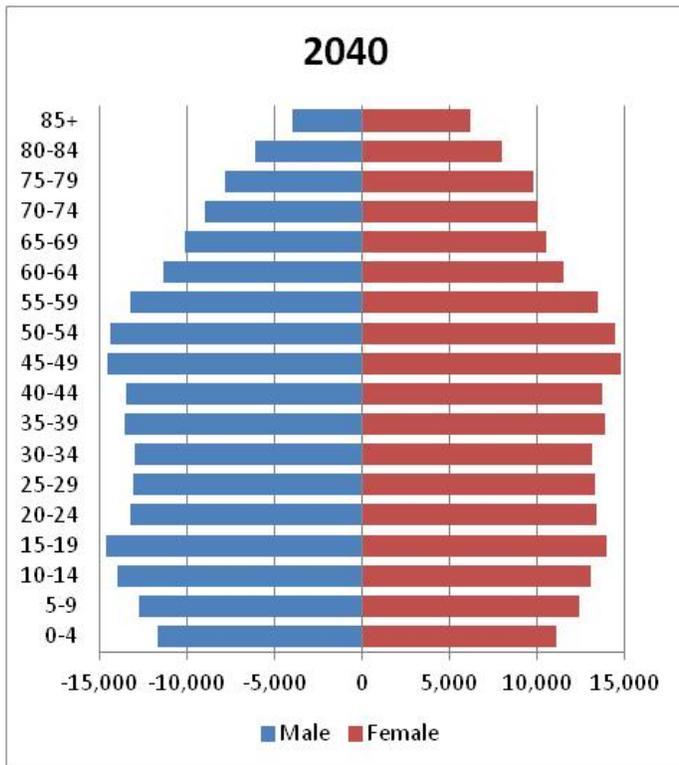
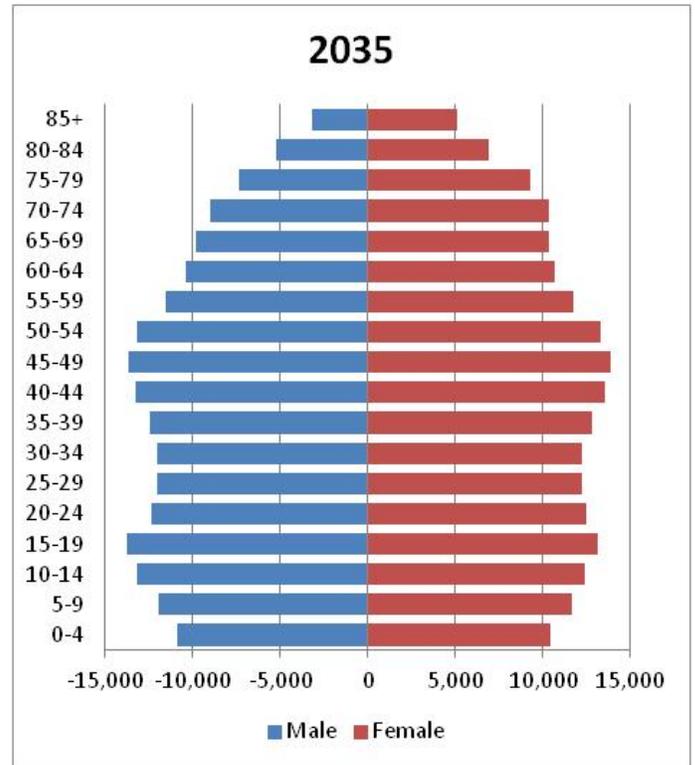
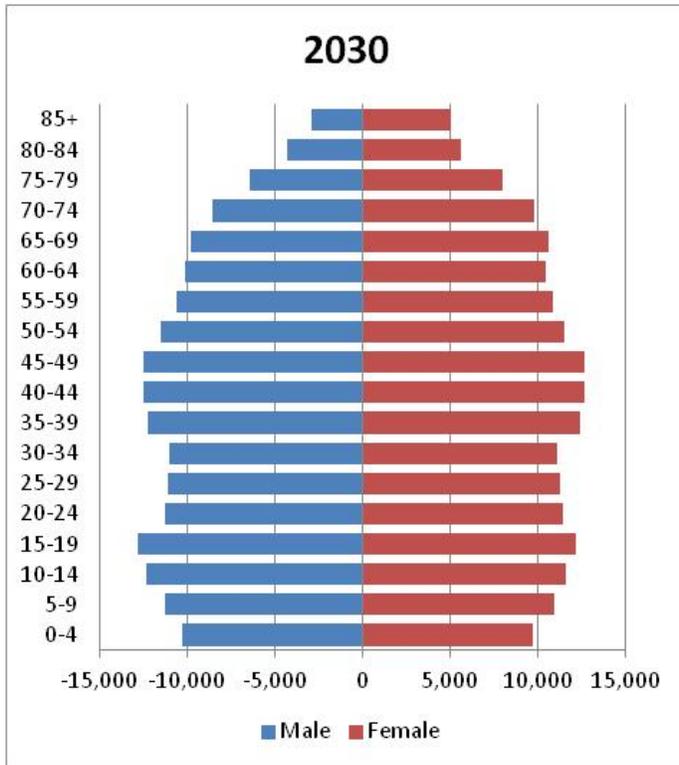


Exhibit C - Residential Land Supply for Thurston County **Thurston Regional Planning Council Technical Brief**

Residential Land Supply in Thurston County is sufficient in area and zoned densities to accommodate the 20 year population growth projections. The urban growth area is currently sized to promote a mix of green field, infill, and redevelopment, and to accommodate the range of housing densities and types to accommodate projected demographics.

TRPC has conducted inventories of residential land supply periodically for the last 40 years. This assessment of land supply is used for two purposes. Under the County-wide planning policies for Thurston County, TRPC is directed to:

“review the smaller area population projections to assure that the 20-year population is accommodated county-wide, and that urban growth areas are of sufficient area and densities to permit the projected urban population.”

This task was expanded slightly under the monitoring and evaluation (Buildable Lands) provision added to the State Growth Management Act (GMA) in 1997. The County’s Buildable Lands Program – which is developed by TRPC - must answer the question of whether there is an adequate land supply in the urban growth areas for anticipated future growth in both population and employment.

The latest Buildable Lands Report for Thurston County was issued in 2007 after the rural rezone. At that time the report determined that each jurisdiction within Thurston County has sufficient land to accommodate growth.

Population projections are completed by comparing available capacity for housing against population projections. The latest evaluation indicated that the urban growth area was sized to promote a mix of green field, infill, and residential redevelopment, and to accommodate the range of housing densities and types to accommodate projected demographics.

The last evaluation was completed in 2007. TRPC will update the land inventory and projections in 2012.

How Land Supply is Measured

Residential land supply is measured by first taking an inventory of all the land, buildings, and other types of uses that are on the ground today. After that, a series of assumptions that undergo full stakeholder review are applied to determine how or if the land can develop in the future. Details on these assumptions can be found in the appendix of the Buildable Lands Report for Thurston County (2007). Land supply is converted to residential capacity – or the number of housing units that can be built to accommodate future growth.

The supply of land suitable for development in Thurston County comes in many shapes and forms.

Single Lots: Empty lots in subdivisions.

Planned Projects: This is the land that has a development application pending with a local jurisdiction.

Master Planned Communities: On many of the larger pieces of urban buildable land in the County the cities and developers work together to develop a master plan, to combine opportunities for employment, parks, and housing, and in many cases schools.

Vacant Lands: Vacant lands located in residential zoning districts that do not have an application permit are another type of land suitable for residential development.

Partially-Used Lands: Partially used lands make up another large category. These are pieces of land with a home, but contain enough land that they can be subdivided without rezoning.

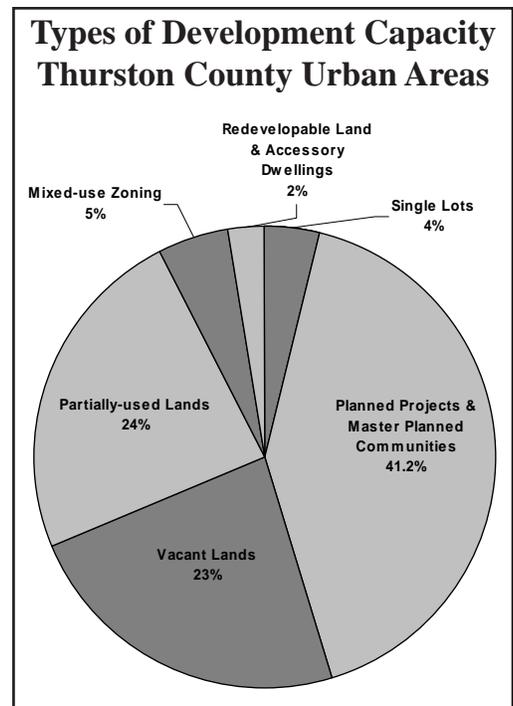
Mixed Use Zoning: There is also capacity for residential development in mixed use zoning. Mixed use zoning is a broad range, and can refer to urban villages or urban centers, as well as to high density areas such as downtown Olympia.

The type of housing allowed or expected in these zones ranges from manufactured home parks to single family homes to condos and apartments. There are even some mixed use buildings, perhaps a store on the bottom and apartments up above found in these zones.

Redevelopment: The final type of residential capacity is found on redevelopable properties. These are pieces of land that have a building on them that may be torn down and replaced by more intensive uses. The Boardwalk Apartments in downtown Olympia are a recent example.

Redevelopment capacity is only estimated for high- or moderate- density mixed-use zoning districts. In these areas it is assumed that if there is residential redevelopment, it will be in the form of condos or apartments.

Schools, Churches, and Parks: These can be located on any of the lands listed above, and are deducted from residential capacity.



Partially-Used Land

Description:

Partially-used land is one type of buildable land or land suitable for development. It is a piece of land that has some sort of use, but contains enough land that it can be subdivided without rezoning.

What has happened in the last 5 years?

In the last 5 years, almost 21 percent of new lots approved in larger subdivisions in urban areas came from partially-used lands. In some cases the original house was saved and the new lots were placed on the empty portion of the land. In other cases, the original home was removed or demolished, or in the case of the historic Merryman House in Olympia, moved to a new lot.



On the left is Tumwater Countyside Place, which is platted for 89 lots. The original home remains, while the barn and out-buildings were demolished. On the right is Mirasett, which is platted for 73 lots. To make way for this subdivision the original home and out-buildings were demolished. Both subdivisions are in the Tumwater urban growth area – 70th Avenue southwest vicinity.

Infill:

Infill development often occurs on partially-used land. This is the sort of development where a lot in an existing urban area is subdivided, and one or more new homes are built. Infill occurs most often in long-established neighborhoods, where the land values are high.

Near Future:

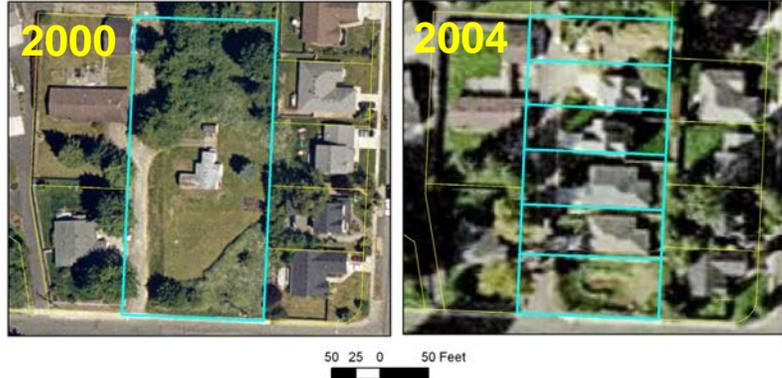
Based on plans submitted by developers to city and County planning staff, around 40 percent of new lots or apartment units outside of master planned communities will be built on land that is today considered partially-used. Most of these will be built within the next 5 to 10 years.

What does the model predict for the future?

Estimates from the land supply model indicate that vacant land will become less available. Approximately 49 percent of the remaining capacity for additional dwellings is held in partially-used lands.

Before and after photos of infill development in the Olympia Residential 4-8 zoning district.

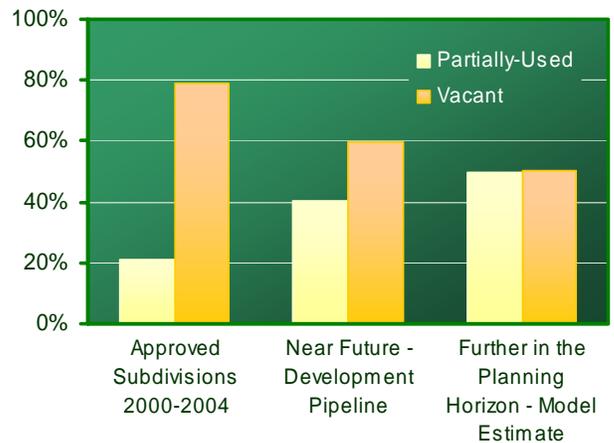
Example 1 – the original home is removed and the land subdivided into six lots.



Example 2 – the original home remains, and the out-buildings are removed. The side and backyards are subdivided to make two new lots.



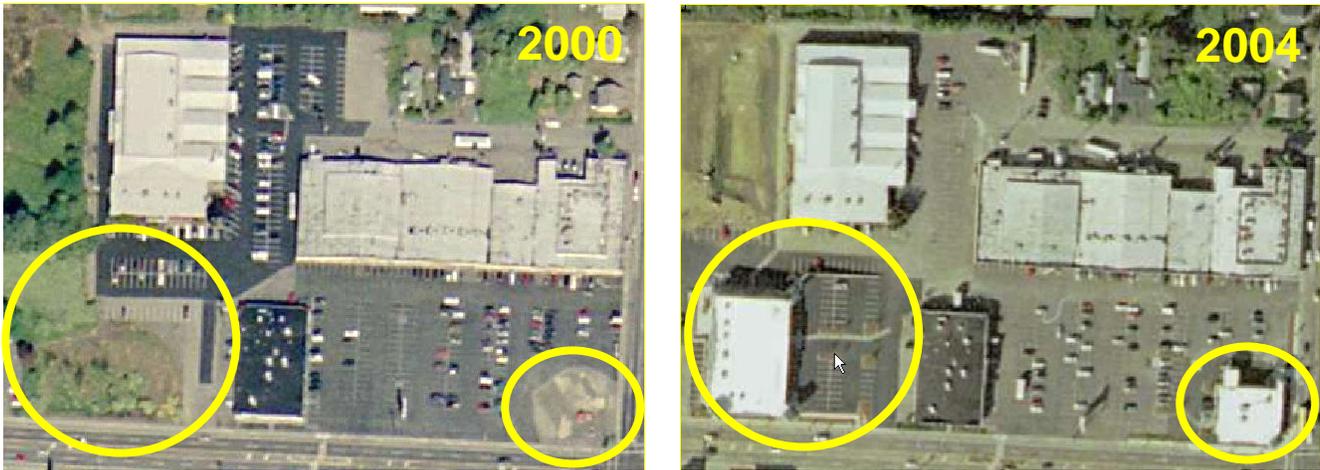
Thurston County Urban Areas Land Type before Development



Redevelopable Land

Redevelopable Land:

Redevelopable land is a small but growing part of our developable land base. Most of the redevelopment potential in Thurston County's urban areas is for commercial and industrial uses. Sometimes parking lots are removed to make way for additional commercial buildings, or other times old-outdated buildings are removed, and new ones built in their place.



Before and after photos of commercial redevelopment along the Harrison Avenue Corridor.

Redevelopment usually takes place when land prices rise at a greater rate than building values, especially as vacant land becomes increasingly scarce.

Residential Redevelopment:

Most commercial zoning districts in Thurston County allow for some residential development. This is to encourage a mix of housing, shopping, work, and recreation opportunities. Almost all residential development in these types of areas is multifamily housing, either condominiums, apartment complexes, or senior housing. Some residential development is on vacant parcels, some on partially-used parcels, and an increasing amount on redevelopable parcels. An example of the latter is the Boardwalk Senior Apartments in downtown Olympia, built on the site of a former department store.



Boardwalk Senior Apartments

Just as commercial buildings can be redeveloped into residential buildings, the opposite can occur. Single homes in commercial areas are often converted to businesses, or torn down and redeveloped into commercial uses.

Exhibit D - Changes in Household Size in Thurston County

Thurston Regional Planning Council Technical Brief

Over the last 50 years, households in Thurston County have continued to shrink in size, but the rate at which they are declining has started to slow. This is consistent with national trends.

Household size

Household size in Thurston County continues to shrink – despite higher vacancy rates. Household size in Thurston County was 2.46 persons per household in 2010. This is down from 2.50 a decade ago and 3.11 in 1960.

The decline in household size seen in Thurston County follows national trends. Some of the reasons are:

- People are living longer
- People tend to remain unmarried longer
- The divorce rate has increased
- Remarriage is less common
- People are having less children

The present economic downturn may have tempered the decline in household size slightly. As home vacancy rates rise, adult children are moving back in with their parents, or sharing housing longer with other adults such as roommates.

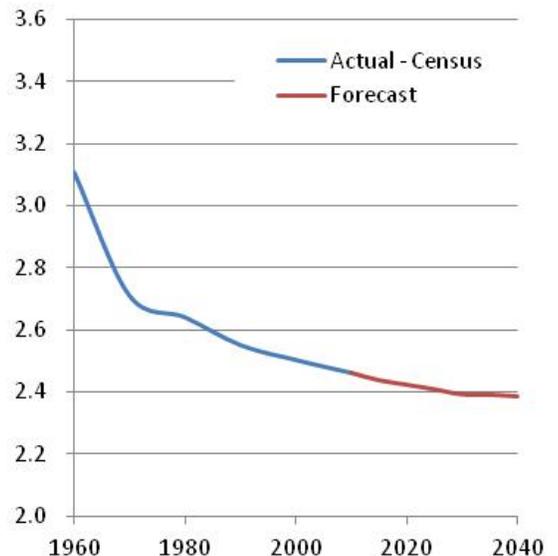
What the Future Holds

Household size is expected to continue to decline slightly over the next 30 years – mainly as a result of an increase in senior households and related increased demand for multifamily and smaller single family housing as the “baby boom” generation begins to hit retirement age.

Geographic Differences

Households tend to be smaller in urban areas and slightly larger in suburban and rural areas and within smaller cities and towns. This is likely related to the housing choices available in each of these markets. The urban areas tend to have a greater share of apartments, condominiums, and senior housing.

Household Size
(persons per household)



Sources:
U.S. Bureau of the Census.
TRPC Data Program.

Why are these trends important to understand?

Understanding trends in household size help our community to better plan for anticipated growth. Smaller households mean an increased demand for smaller homes, apartments, and condominiums.

Demographic trends like those highlighted in this brief are important to understand for planning and forecasting purposes. Population and employment forecasts have been developed by the Thurston Regional Planning Council since the 1960s. They are used for transportation, sewer, water, land use, school, and other local governmental planning purposes. They are also used by the private sector for business planning.

Average Household Size by Jurisdiction, 1960-2010

Jurisdiction	Average Household Size (Persons/Occupied Household)					
	1960	1970	1980	1990	2000	2010
Bucoda	N/A	2.79	2.76	2.76	2.87	2.53
Lacey	3.44	2.84	2.48	2.44	2.47	2.44
Olympia	2.81	2.54	2.32	2.22	2.21	2.18
Rainier	N/A	3.18	3.08	2.97	2.82	2.73
Tenino	N/A	2.81	2.75	2.60	2.52	2.45
Tumwater	3.26	2.54	2.37	2.27	2.20	2.27
Yelm	N/A	3.02	2.94	2.86	2.67	2.95
Chehalis Reservation ¹	N/A	N/A	N/A	3.03	3.56	3.05
Nisqually Reservation ¹	N/A	N/A	N/A	3.48	3.40	3.16
Incorporated	N/A	2.62	2.41	2.32	2.32	2.33
Unincorporated	N/A	2.80	2.84	2.75	2.67	2.59
Thurston County	3.11	2.71	2.64	2.55	2.50	2.46

Source: U.S. Bureau of the Census.

Explanation: ¹Data is for the reservation as a whole, including those portions outside Thurston County.

Exhibit E - Changes in Home Ownership in Thurston County

Thurston Regional Planning Council Technical Brief

Homeownership is traditionally higher in Thurston County than the National Average. Homeownership in Thurston County is following national trends, and is showing a slight decline with the recession.

Home Ownership

Homeownership rates reached their highest level across the United States in the mid-2000s as home mortgages were available to an increasing amount of people due to low down payment requirements.

This trend began to reverse in 2004-2005 as a result of the national recession. As housing values dropped and interest rates rose, many home owners could not afford their mortgage payments – leading to higher levels of foreclosure.

With down payment requirements back to pre-2000 levels, home ownership may revert to levels similar to those in the 1970s, 80s, and 90s.

Thurston County

Home ownership rates have typically remained in the 68 percent range since 2005 in Thurston County, reflecting the national average.

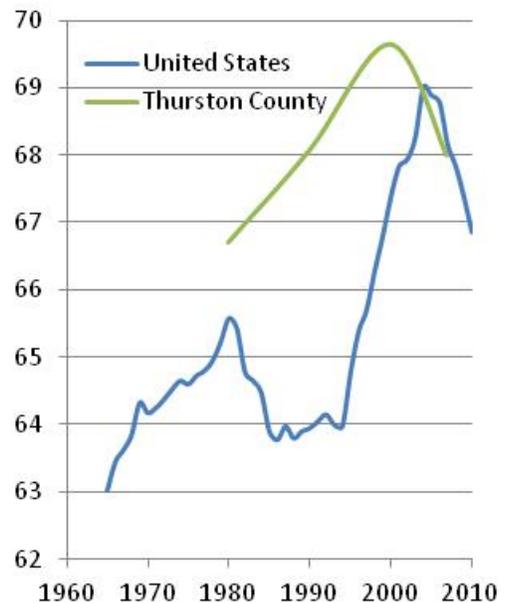
Locally

Home ownership information is also available for each city and town in Thurston County, and ranges from 53-55 percent in Olympia, Lacey and Tumwater – the most urban cities in the region, to around 80 percent in Rainier and the unincorporated County, which have a small town and rural nature respectively.

Housing Type

Some of the geographic differences in home ownership can be explained by the type of housing stock available in each area of the County. Single family housing is generally 85 percent owner occupied, while multifamily housing is only 11 percent owner occupied – mainly townhomes and condominiums. In general, there is much

Homeownership
Percent of population in owner-occupied housing



Sources:
United States: Current Population Survey/Housing Vacancy Survey, Series H-111 Reports.
Thurston County: Census 1990, 2010, and ACS 2005-2009.
U.S. Bureau of the Census.

Nationally, home ownership rates are available every year. In Thurston County, the information is available from the Census American Community Survey starting beginning in 2005, however the margin of error in the small sample size makes yearly comparisons difficult therefore the five year average was used.

more multifamily housing in the cities of Lacey, Olympia, and Tumwater (35-40 percent) compared to the remainder of the County.

Why are these trends important to understand?

Demographic trends like those highlighted in this brief are important to understand for planning and forecasting purposes. Population and employment forecasts have been developed by the Thurston Regional Planning Council since the 1960s. They are used for transportation, sewer, water, land use, school, and other local governmental planning purposes. They are also used by the private sector for business planning.

**Housing Ownership by Structure Type, Thurston County
2005-2009 5-Year Estimate**

Unit Type	Owner Occupied		Renter Occupied		Total Households	
	#	%	#	%	#	%
Single Family	54,418	85%	9,671	15%	64,089	100%
Multifamily	2,294	11%	17,949	89%	20,243	100%
1, attached	1,656	45%	2,008	55%	3,664	100%
2	251	8%	2,712	92%	2,963	100%
3 or 4	105	3%	3,245	97%	3,350	100%
5 to 9	94	4%	2,576	96%	2,670	100%
10 to 19	87	3%	3,267	97%	3,354	100%
20 to 49	13	1%	1,324	99%	1,337	100%
50 or more	88	3%	2,817	97%	2,905	100%
Mobile Homes	7,211	77%	2,137	23%	9,348	100%
Total Households	64,229	68%	29,811	32%	94,040	100%

Source: U.S. Bureau of the Census - 2005-2009 American Community Survey 5-Year Estimate.

Housing Ownership by Jurisdiction 2005-2009 5-Year Estimate

Jurisdiction	Owner Occupied		Renter Occupied		Total	
	#	%	#	%	#	%
Bucoda	155	72%	61	28%	216	100%
Lacey	8,504	55%	6,963	45%	15,467	100%
Olympia	10,306	53%	9,185	47%	19,491	100%
Rainier	561	81%	135	19%	696	100%
Tenino	477	66%	242	34%	719	100%
Tumwater	3,431	54%	2,925	46%	6,356	100%
Yelm	1,122	65%	613	35%	1,735	100%
Unincorporated County	39,673	80%	9,687	20%	49,360	100%
Thurston County¹	64,229	68%	29,811	32%	94,040	100%
Chehalis Reservation ²	119	63%	69	37%	188	100%
Nisqually Reservation ²	160	72%	61	28%	221	100%

Source: U.S. Bureau of the Census - 2005-2009 American Community Survey 5-Year Estimate.

¹Thurston County includes unincorporated and incorporated Thurston County.

²Data is for the reservation as a whole, including those portions outside Thurston County.

Housing Type by Jurisdiction 2005-2009 5-Year Estimate

Jurisdiction	Single Family		Multifamily		Total	
	#	%	#	%	#	%
Bucoda	194	90%	22	10%	216	100%
Lacey	10,031	65%	5,436	35%	15,467	100%
Olympia	12,143	62%	7,348	38%	19,491	100%
Rainier	637	92%	59	8%	696	100%
Tenino	587	82%	132	18%	719	100%
Tumwater	3,882	61%	2,474	39%	6,356	100%
Yelm	1,400	81%	335	19%	1,735	100%
Unincorporated County	44,563	90%	4,797	10%	49,360	100%
Thurston County¹	73,437	78%	20,603	22%	94,040	100%
Chehalis Reservation ²	166	88%	22	12%	188	100%
Nisqually Reservation ²	205	93%	16	7%	221	100%

Source: U.S. Bureau of the Census - 2005-2009 American Community Survey 5-Year Estimate.

¹Thurston County includes unincorporated and incorporated Thurston County.

²Data is for the reservation as a whole, including those portions outside Thurston County.

Exhibit F - Definitions of Common Housing Terms

Traditional Definition of Housing Affordability

The generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing. Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care¹.

Middle and upper income households can pay a greater proportion of their income on housing and meet their basic needs, so the definition of affordability is generally only applied to those households earning 95% or less than the County's median household income.

Extremely Low Income – is a household whose income does not exceed 30% of the County's median household income.

Very Low Income – is a household whose income is between 30% and 50% of the County's median household income.

Low Income – is a household whose income is *does not exceed* 80% of the County's median household income.

Moderate Income – is a household whose income is between 80% and 95% of the County's median household income.

Middle Income – is a household whose income is between 95% and 120% of the County's median income.

Upper Income – is a household whose income is above 12% of the County's median income.

Cost Burden – The extent to which gross housing costs, including utility costs, exceed 30% of an individual's or family's gross income, based on data from the U.S. Census Bureau.

Note: Income thresholds should be discussed with the panel for consistency with the Consolidated Housing Plans.

Housing Mismatch - Describes several conditions in which the available housing stock is not affordable to local housing consumers, either through lack of housing units priced to the market or because higher income residents are occupying lower cost housing intended for lower income people.

Housing Wage A theoretical wage level that allows the earner to afford adequate shelter, food and the other necessities of life. The living wage should be substantial enough to ensure that no more than 30% of it needs to be spent on housing. In Washington, the estimated housing wage is \$15.00, but may be higher or lower in other states.

¹Office of Housing and Urban Development (HUD) <http://www.hud.gov/offices/cpd/affordablehousing/>

Exhibit G - Estimates of Affordable Housing Stock and Households **Thurston Regional Planning Council Technical Brief**

These data tables are intended to show the type of data that will be available to inform the Regional Housing Plan. Data is being released by the Census this fall that will better define affordable housing needs.

Estimates of Affordable Housing Stock and Households from 2000 Census

There is not an easy way to determine the housing affordability needs for Thurston County, but several tables available from the Census provide clues. Most of the tables are available from the CHAS Data set, extracted from Census for HUD for this specific purpose. These tables are available in the Consolidated Plan for Thurston County. There are two other tables produced by TRPC that provide comparisons between housing stock and households.

Table 1 provides a comparison of the total number of dwelling units affordable (where housing costs are no more than 30 percent of gross income) and households, by HUD income categories. It should be noted that this table is not intended to show a one-to-one relationship between the number of households within an income range and the number of units available with the same income range. Rather, the table shows an estimate of the amount of housing stock which would be affordable to people in these HUD income categories, provided the units were available. In reality, many of these units are not available to the people in these income categories. A large number of units in the mid-to-lower ranges are rented or owned by those who are spending less than 30 percent of their income for these units. These units “buy-down” and effectively lower their housing costs while at the same time reducing the inventory available for those with no other options.

Table 2 provides an estimate of the minimum unmet need for affordable housing by jurisdiction by income range. The unmet need is calculated for all those households falling at or below a specified HUD income level. For instance, the unmet need for homes for the county as a whole for those households earning 50 percent or less than the median household income is 2,036 dwellings, or 12 percent of those households falling within that income range. This includes those households that earn 30 percent or less of the median household income.

This is not to say that only 2,036 households in Thurston County are paying more than they can afford (according to State and Federal standards) for housing. In reality, due to the reasons outlined above, the likelihood of that is remote. These calculations, therefore, should be thought of as the minimum unmet need for each jurisdiction. Thirty percent of the median household income in Thurston County was \$14,093 in 1999. Thirty percent of this amount, calculated to a monthly value, means that these households in this range have \$352 or less to spend on housing for housing to be considered affordable. This would allow them to purchase a home worth almost \$40,000, if they could cover \$800 in closing costs, and pay \$4,000 in a down payment, or pay \$352 in rent and utilities.

Table 1: Estimate of Affordable Housing Stock and Households by Income Category by Jurisdiction, 2000

HUD Income Ranges	Number of Dwelling Units Available in Range			Number of Households within Income Range		
	Rentals	Owner	Total	Rentals	Owner	Total
Bucoda						
0-30% of Median	5	25	30	26		
>30 to 50% of Median	27	41	67	43		
>50 to 80% of Median	25	67	92	36		
>80 to 95% of Median	0	5	5	16		
Remainder	2	23	25	74		
Total	59	160	219	196	437	603
Tenino						
0-30% of Median	38	39	77	91		
>30 to 50% of Median	84	44	127	75		
>50 to 80% of Median	42	177	219	139		
>80 to 95% of Median	2	71	73	54		
Remainder	1	106	107	212		
Total	166	437	603	571		
Lacey						
0-30% of Median	224	444	668	1,438		
>30 to 50% of Median	1,720	232	1,952	1,407		
>50 to 80% of Median	2,634	848	3,482	2,293		
>80 to 95% of Median	621	1,180	1,801	1,115		
Remainder	504	4,384	4,888	6,098		
Total	5,703	7,088	12,791	12,351	2,781	5,813
Tumwater						
0-30% of Median	146	221	367	557		
>30 to 50% of Median	788	47	835	684		
>50 to 80% of Median	1,739	334	2,072	1,122		
>80 to 95% of Median	195	384	579	475		
Remainder	163	1,796	1,959	2,749		
Total	3,032	2,781	5,813	5,587		
Olympia						
0-30% of Median	763	355	1,118	3,020		
>30 to 50% of Median	3,484	285	3,769	2,353		
>50 to 80% of Median	4,428	1,122	5,550	3,361		
>80 to 95% of Median	466	1,103	1,569	1,411		
Remainder	526	6,712	7,238	8,528		
Total	9,667	9,577	19,244	18,673	776	1,279
Yelm						
0-30% of Median	102	40	142	204		
>30 to 50% of Median	130	20	150	145		
>50 to 80% of Median	220	196	416	217		
>80 to 95% of Median	37	146	183	112		
Remainder	14	374	388	528		
Total	503	776	1,279	1,206		
Rainier						
0-30% of Median	5	12	17	59		
>30 to 50% of Median	42	23	65	36		
>50 to 80% of Median	39	117	156	111		
>80 to 95% of Median	11	116	128	61		
Remainder	3	180	184	238		
Total	101	449	550	506	27,930	83,120
Thurston County Total						
0-30% of Median	1,777	3,004	4,781	8,901		
>30 to 50% of Median	8,685	1,735	10,420	8,334		
>50 to 80% of Median	13,659	6,761	20,420	14,408		
>80 to 95% of Median	2,049	6,847	8,897	6,898		
Remainder	1,760	36,842	38,603	43,124		
Total	27,930	55,190	83,120	81,666		

Table 2: Estimate of Affordable Housing Needs by Jurisdiction, 2000

HUD Income Ranges	Minimum ¹ Unmet Need for Affordable Housing		HUD Income Ranges	Minimum ¹ Unmet Need for Affordable Housing	
	Dwellings	% of HHs		Dwellings	% of HHs
Bucoda			Tenino		
30% or less of Median	0	0%	30% or less of Median	14	16%
50% or less of Median	0	0%	50% or less of Median	0	0%
80% or less of Median	0	0%	80% or less of Median	0	0%
95% or less of Median	0	0%	95% or less of Median	0	0%
Lacey			Tumwater		
30% or less of Median	770	54%	30% or less of Median	190	34%
50% or less of Median	225	8%	50% or less of Median	39	3%
80% or less of Median	0	0%	80% or less of Median	0	0%
95% or less of Median	0	0%	95% or less of Median	0	0%
Olympia			Yelm		
30% or less of Median	1,902	63%	30% or less of Median	62	30%
50% or less of Median	486	9%	50% or less of Median	56	16%
80% or less of Median	0	0%	80% or less of Median	0	0%
95% or less of Median	0	0%	95% or less of Median	0	0%
Rainier			Thurston County Total		
30% or less of Median	42	71%	30% or less of Median	4,121	46%
50% or less of Median	13	14%	50% or less of Median	2,036	12%
80% or less of Median	0	0%	80% or less of Median	0	0%
95% or less of Median	0	0%	95% or less of Median	0	0%

Notes:

Table 1: Gross Rent - SF3 H62 Universe: Specified renter-occupied housing units; Rent Asked - SF3 H59 Universe: Specified vacant-for-rent housing units. Owner: Value for all Owner-Occupied Housing Units SF3 H84 Universe: Owner-Occupied Housing Units; Price Asked - SF3 H87 Universe: Specified vacant-for-sale-only housing units. Households: Household Income in 1999 - SF3 P52 Universe: Households.

Table 2: The number of units available over the HUD ranges is not calculated because the assumption that people pay 30% of their income on housing is invalidated by census housing statistics for the higher income ranges. Unmet need is calculated for the cumulative total of HUD income range, or all of those households falling at or below income threshold. This is a departure from the previous table, where data area shown only for the income interval.

