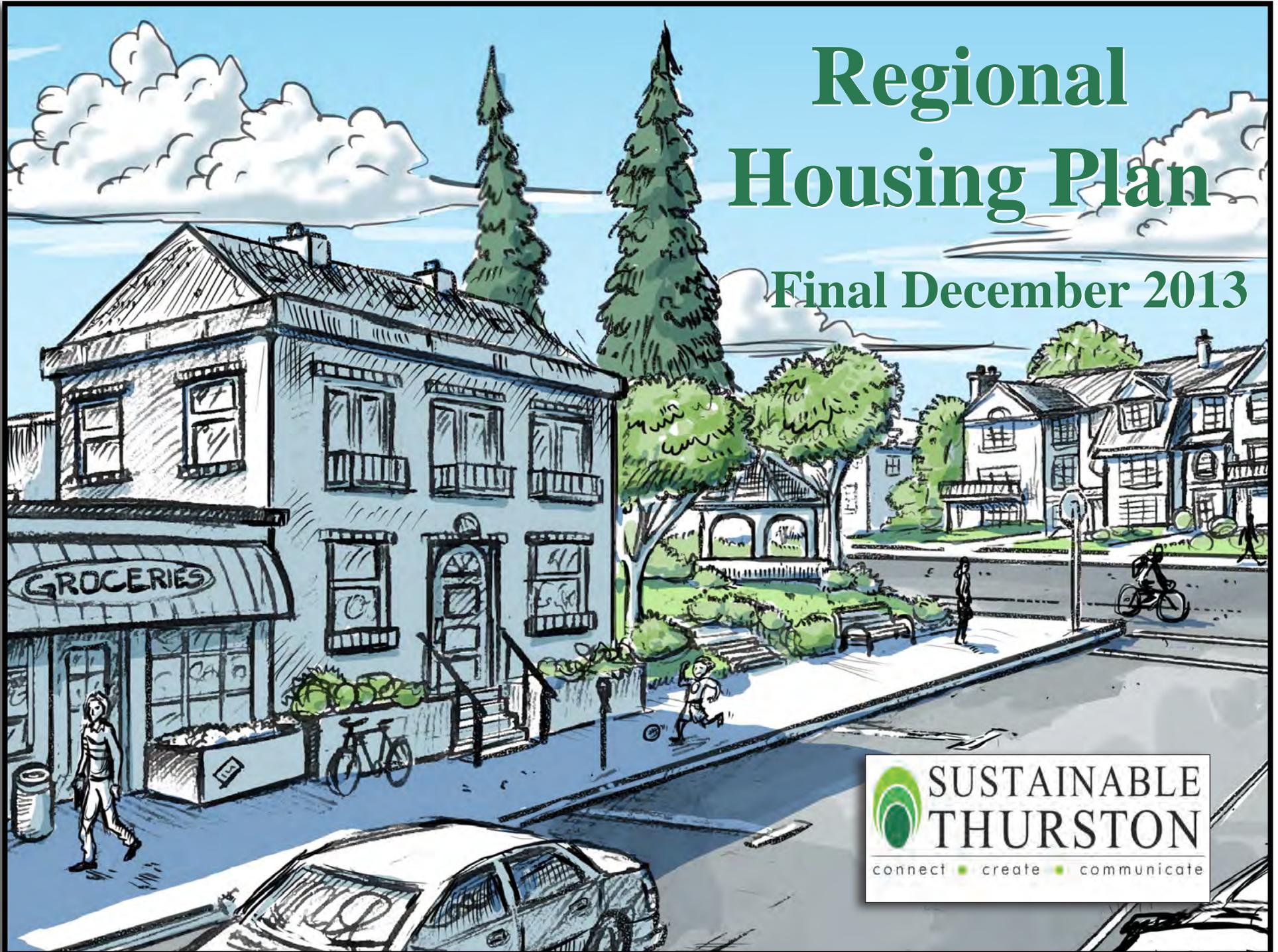


Regional Housing Plan

Final December 2013





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“A livable community must be both equitable and affordable. ... In order for our neighborhoods to thrive, our regions to grow, and our nation to prosper, we must support communities that provide opportunities for people of all ages, incomes, races and ethnicities to live, work, learn, and play together.”

— Secretary Shaun Donovan,
U.S. Department of Housing and Urban Development

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About This Report

In 2010, the Thurston Regional Planning Council (TRPC) received a Sustainable Communities Regional Planning Grant from the U.S. Department of Housing and Urban Development to craft a sustainable development vision and strategies to guide the region through 2035. The resultant Sustainable Thurston project culminated in late 2013 with the Council's regional sustainability plan, called *Creating Places — Preserving Spaces: A Sustainable Development Plan for the Thurston Region*, which makes policy recommendations regarding transportation and land use, water quality, health and human services, public safety, and other issues.

The housing challenges noted in this document — a companion of *Creating Places — Preserving Spaces* — were identified in a white paper crafted with the help of TRPC's 17-member Housing Panel, comprised of developers, lenders, and other housing experts. The Housing Panel also helped craft the recommendations in this plan and its companion, the *Fair Housing Equity Assessment*, which identifies housing equity and service accessibility in the Thurston Region for minorities and economically disadvantaged populations. The *Regional Housing Plan's* goals and actions are consistent with those in *Creating Places — Preserving Spaces*, which will help guide comprehensive plan updates and other policymaking by Thurston County and the cities and towns within.



THURSTON REGIONAL PLANNING COUNCIL (TRPC) is a 22-member intergovernmental board made up of local governmental jurisdictions within Thurston County, plus the Confederated Tribes of the Chehalis Reservation and the Nisqually Indian Tribe. The Council was established in 1967 under RCW 36.70.060, which authorized creation of regional planning councils.



TRPC’s mission is to **“Provide Visionary Leadership on Regional Plans, Policies, and Issues.”**

To Support this Mission:

- A. Support **regional transportation** planning consistent with state and federal funding requirements.
- B. Address **growth management, environmental quality,** and other topics determined by the Council.
- C. **Assemble** and **analyze data** that support local and regional decision making
- D. Act as a **“convener,”** build regional consensus on issues through information and citizen involvement.
- E. Build **intergovernmental consensus** on regional plans, policies, and issues, and advocate local implementation.

This report was prepared as part of the Thurston Regional Planning Council’s 2013 regional work program.

**2013 MEMBERSHIP
THURSTON REGIONAL PLANNING COUNCIL**

Governmental Jurisdiction	Name of 2013 Representative
City of Lacey	Virgil Clarkson, Mayor
City of Olympia	Nathaniel Jones, Councilmember
City of Rainier	Dennis McVey, Councilmember
City of Tenino	Bret Brodersen, Councilmember
City of Tumwater	Tom Oliva, Councilmember
City of Yelm	Robert Isom, Councilmember
Confederated Tribes of the Chehalis Reservation	Amy Loudermilk, staff



Nisqually Indian Tribe	Willie Frank , Tribal Councilmember
	James Slape, Jr. , Tribal Councilmember
Town of Bucoda	Alan Vanell , Councilmember
Thurston County	Sandra Romero , County Commissioner
North Thurston Public Schools	Chuck Namit , School Board member
Olympia School District	Allen Miller , School Board Member
Intercity Transit	Karen Valenzuela
LOTT Clean Water Alliance	Cynthia Pratt , Board member
Port of Olympia	George Barner , Port Commissioner
PUD No. 1 of Thurston County	Chris Stearns , PUD Commissioner

Associate Members

Economic Development Council of Thurston County	Michael Cade , Executive Director
Lacey Fire District #3	Gene Dobry , Commissioner
Puget Sound Regional Council	vacant
TCOMM9-1-1	Ed Hildreth
Timberland Regional Library	Jeff Kleingartner , Communications Manager
The Evergreen State College	Jeanne Rynne

Chair

Sandra Romero
Thurston County

Vice Chair

Virgil Clarkson
City of Lacey

Secretary

Tom Oliva
City of Tumwater



SUSTAINABLE THURSTON TASK FORCE

The Sustainable Thurston Task Force will draft the regional plan for sustainable development based on information and the community-defined sustainable future articulated during the process. The Task Force is comprised of representatives from the county, cities and towns, Intercity Transit, Transportation Policy Board, Washington Departments of General Administration and Commerce, and Thurston County Housing Authority. Chairpeople of the various panels also serve on the Task Force.

SUSTAINABLE THURSTON TASK FORCE	MEMBER	ALTERNATE
Bucoda	Alan Vanell	
Housing Authority of Thurston County	Theresa Slusher	Chris Lowell
Intercity Transit	Karen Messmer	Ryan Warner
Lacey	Jeff Gadman	Ron Lawson
Olympia	Stephen Buxbaum	Nathaniel Jones
Rainier	Dennis McVey	
Tenino	Wayne Fournier	Dave Watterson
Thurston County	Karen Valenzuela	Sandra Romero
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Public Safety Panel	Jim Quakenbush	Brian VanCamp
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Local Food Systems Panel	Robert Coit	
Public Outreach and Education Panel	Jackie Barrett Sharar	Cynthia Stewart
N. County Schools and Transportation Panel	Joan Cathey	Cynthia Pratt
S. County Schools and Transportation Panel	Bret Brodersen	
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HOUSING PANEL MEMBERS

- Doug DeForest – Housing Panel chairman – TRPC Transportation Policy Board
- Gary Aden – Thurston County Public Health & Social Services (PHSS)-Housing (2012-2013)
- Dave Burns – City of Lacey
- Mark Freedman – Thurston County PHSS
- Mark Furman – Heritage Bank
- Billie Heath – Rural Communities Assistance Corporation & Homes First
- Tedd Kelleher – WA State Department of Commerce
- John Ketola – Eco-Builders Guild
- Mark Kitabayashi – Windermere Real Estate
- Chris Lowell – Housing Authority of Thurston County
- 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 (2011-2012)
- Anna Schlecht – City of Olympia
- Tim Seth – Washington Landlord Association
- Charles Shelan – Community Youth Services
- Theresa Slusher – Housing Authority of Thurston County
- Trudy Soucoup – Homes First!
- Chris van Daalen – Northwest Ecobuilding Guild
- John Walsh – Community Action Council of Lewis, Mason and Thurston Counties
- Angela White – Olympia Master Builders

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- Michael Ambrogi – TRPC GIS Analyst
- Veena Tabbutt – TRPC Senior Planner
- Jolene Stanislawski – TRPC Intern (2012)
- Catherine Kana – TRPC Intern (2011)



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“In real estate terms, sustainable housing protects your housing investment and quality of life.”

— Mark Kitabayashi, Windermere Real Estate managing broker
and Sustainable Thurston Housing Panel member

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I. Executive Summary

This document recommends a regional housing plan that shows how Thurston County and its municipalities could meet the housing needs of a projected 120,000 additional people during the next quarter-century.

About a third of the Thurston Region's housing units in 2035 will be built between now and then. This presents a tremendous opportunity today to take stock of our built environment and plan for a more sustainable future. The *Regional Housing Plan* you're reading — the region's first in 20 years — lays out housing challenges and opportunities, and recommends goals, targets, and actions to achieve the sustainable development vision expressed below and in the companion regional sustainability plan, *Creating Places — Preserving Spaces: A Sustainable Development Plan for the Thurston Region*.

The Vision ...

In one generation — through innovation and leadership — the Thurston Region will become a model for sustainability and livability. We will consume less energy, water, and land, produce less waste,

and achieve carbon neutrality. We will lead in doing more while consuming less. Through efficiency, coupled with strategic investments, we will support a robust economy. Our actions will enhance an excellent education system, cultivate a healthy environment, and foster an inclusive and equitable social environment that remains affordable and livable. We will view every decision at the local and regional level through the sustainability lens. We will think in generations, not years. The region will work together toward common goals, putting people in the center of our thinking, and inspire individual responsibility and leadership in our residents.

The Challenge ...

Our region's demographics, wants, and needs are changing. The share of the population age 65 and older is projected to grow from 12 percent today to 19 percent in 2035. Young people are foregoing or delaying marriage and parenthood. New high school and college graduates are choosing smart phones over shiny cars and seeking out urban areas instead of suburbs. If we continue to grow at the rate we have in the past, our region's population will increase by about



120,000 people by 2035. This will require about 52,000 more housing units. While plenty of single-family housing exists in the region's suburban and rural areas, there is pent-up demand and significant opportunity for a wider range of housing. This includes multifamily buildings amid the urban centers of Olympia, Lacey, Tumwater, and Yelm, along the major transit corridors that connect them, and in the smaller communities of Bucoda, Rainier, Tenino, and Grand Mound. Major financial, regulatory, and perception barriers stand in the way of increasing housing density, diversity, and affordability amid these urban areas, as well as amid suburban neighborhoods with the potential to support more small-scale shops and fewer car trips.

The Solution ...

The regional sustainability plan's Preferred Land Use Scenario and Key Indicators calls for "actively creating vibrant centers, corridors, and neighborhood centers while protecting rural residential lands, farmlands, prairies, and forest lands." This scenario — far more than the Baseline Future forecast described in Chapter II — imagines the following: City and town centers support thriving business districts with a walkable, urban form; neighborhoods close to urban centers and corridors support more access to goods, services, and housing choices to fit the needs of a changing population; suburban single-family subdivisions provide housing choices for people who value quiet streets and private spaces; and, rural ar-

reas remain a mixture of homes, farms, forests, and natural areas with lower densities of residential development than those in the urban areas.

To achieve this land-use scenario and broader sustainable development vision, the regional sustainability plan sets a dozen priority goals and targets. Three priority goals and targets relate directly to housing density and equity:

Priority Goals & Actions



GOAL: Create vibrant centers, corridors and neighborhoods while accommodating growth.

TARGET: By 2035, 72 percent of all — new and existing — households in our cities, towns, and designated urban growth areas will be within a half-mile (comparable to a 20-minute walk) of an urban center, corridor, or neighborhood center with access to goods and services to meet their daily needs.



GOAL: Preserve environmentally sensitive lands, farmlands, forestlands, prairies, and rural lands and develop compact urban areas.

TARGET: Between 2010 and 2035, no more than 5 percent of new housing will locate in rural areas, and 95 percent will be within cities, towns, unincorporated growth areas, and tribal reservations. Rural areas are defined as outside of the cities, towns, unincorporated urban growth areas and tribal reservations.



GOAL: Ensure that residents have the resources to meet their daily needs.

TARGET: By 2035, less than 10 percent of total households in Thurston County will be cost-burdened; less than 5 percent will be severely cost-burdened.



Hitting these targets will require achieving seven housing-specific goals and 32 related actions — for example, engaging in neighborhood planning, upzoning areas to encourage density, and cleaning up contaminated infill sites [See Chapter IV for a full list of goals and actions]. Chapter III shows how seizing such opportunities will help address major financial, regulatory, and perception barriers.





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**“Someone’s sitting in the shade
today because someone planted a
tree a long time ago.”**

— Warren Buffett, investor and philanthropist

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II. Trends & Forecast

Back in 2011, the Sustainable Thurston project began with a simple question for the region’s quarter-million residents: How do you want your community to look, function, and feel in 2035? Online and in person, folks considered the challenges and opportunities of growth from an economic, environmental, and social sustainability perspective. Just as important, these engaged residents helped the Sustainable Thurston Task Force craft a regional vision of sustainable development that encompasses land use, transportation, food, health, energy, and other interconnected issues.

The Task Force heard clearly that people want a full range of housing choices to support all lifestyles, incomes, abilities, and ages. Rural, suburban, small-city, and town living opportunities should continue to be available in 2035 — but a more robust and diverse array of urban living opportunities should also be available, along with more opportunities for suburban residents to access goods and services within a short walk or bike ride. Put simply, the community’s shared vision is about *creating places and preserving spaces*.

The Trends ...

Sustainable Thurston is about taking stock of the places we know today and planning the ones we will know tomorrow. Several forces may shape the region’s housing mix and broader development patterns during the next quarter-century:

- About 260,000 people call Thurston County home today. Roughly half of the region’s population lives in an incorporated city or town; a third lives in rural Thurston County; and, a fifth lives in unincorporated urban growth areas — parts of Thurston County slated for city annexation within the next two decades.¹
- Thurston County was Puget Sound’s fastest-growing county during the 2000-2010 period, and in-migration is expected to remain the primary source of population growth in coming decades. We’re planning for another 120,000 people by 2035, which will require roughly 52,000 new housing units.²



- A potential wild card is to what extent climate change might spur additional migration to our region, which enjoys a temperate climate, but still faces significant mitigation and adaptation risks of its own. Washington’s water quality and quantity could be threatened by rising temperatures and shrinking snowpack; the state’s transportation and energy infrastructure also faces the specter of increased damage costs and disruptions from more frequent and severe flooding/sea level rise, wildfires, and changes in energy supply and demand.⁴ Planning and developing in a more sustainable manner today will help the Thurston Region deal more effectively with potential climate-induced migration and resource scarcity tomorrow.
- State law requires water producers to adopt conservation practices to meet today’s water needs without compromising the ability of future generations to meet their needs. In recent years, Lacey and Olympia — Thurston County’s largest cities — have increased commercial and residential water connections while reducing overall consumption by raising rates, installing meters, plugging leaks, and offering conservation incentives.⁵ Such strategies send a powerful price signal to the marketplace to conserve a vital natural resource.
- The Great Recession continues to affect the Thurston Region’s housing market. Home values, payrolls, and spending declined with the eco-



Did You Know?

An urban household in Thurston County drives about 15,600 miles annually and spends about \$2,900 on fuel; a suburban household drives about 23,400 miles and spends about \$4,300; a rural one drives about 29,000 and spends about \$5,300.

www.trpc.org/regionalplanning/sustainability/Documents/How_We_Grow_Matters_UPDATED.pdf

omic downturn that began in 2007, resulting in layoffs, “underwater” mortgages, tarnished credit ratings, and foreclosures for many households. Even as the economy improves slowly, prospective buyers in the region — about a third of whom aim to purchase a home for the first time — face tougher mortgage loan standards. Banks, which face

higher capitalization requirements from regulators, are lending more conservatively and holding onto homes acquired through foreclosure as the financial institutions wait for home prices to rise further. During the next few years, regional housing experts contend, such forces will continue to keep the rental market tight and slow the rate of local home construction and turnover.⁶

- Neighborhoods with the Thurston Region’s highest poverty rates are strung along the urban core’s major corridors — where some of the best affordable housing, transit, employment, education, shopping, and social service opportunities exist [See Appendix, Map 2.1, page 49].⁷ Thurston County’s ethnic and racial minorities have higher poverty rates than their White counterparts, according to the companion *Fair Housing Equity Assessment*. Given the correlations between race, ethnicity, and income, ensuring the availability of affordable housing in the region’s high-opportunity neighborhoods should remain a priority equity issue in coming decades.

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“None of us really tends to do the math on transportation costs — but they’re not going down anytime soon. Whether you love suburbia’s leafy privacy or hate its commercial strips, there are reasons why it’s important to retrofit.”

— Ellen Dunham-Jones, architect and author of *Retrofitting Suburbia: Urban Design Solutions for Redesigning Suburbs*

.....

- The Center for Neighborhood Technology, a Chicago-based think tank, considers a home affordable when rent/mortgage and transportation costs consume no more than 45 percent of a household’s income. Low- and moderate-income people who live amid the region’s rural and suburban areas have a higher transportation cost burden than people who live amid the urban core, which has the most robust bus service [See Appendix, Map 2.2, page 50].⁸
- Our transportation and land-use patterns shape our health outcomes. Thurston County ranks 24th out of Washington’s 39 counties in terms of physical environment, which factors in air pollution, recreational facilities access, drinking water safety, and fresh food availability.⁹ Half of the county’s restaurants are fast-food eateries — a reflection of the region’s reliance on automobiles to access jobs, goods, and services.



- Neighborhood strip malls across the nation are experiencing near-record vacancy rates, as shops are shuttering amid the Great Recession or moving to the Internet and big-box shopping centers at high-visibility intersections.¹⁰ The strip used to be hip, however. Suburban home-building, automobile ownership, and interstate highway construction exploded during the latter half of the 20th century, and downtown shops and shoppers motored out to newfangled strip malls such as Southgate in Tumwater.¹¹ Government policies gave rise to drivable suburbia in the 1950s, but a new generation of government initiatives (e.g., the Sustainable Thurston and the Capitol Boulevard planning projects) also can help the region retrofit the strip to encourage surrounding residents to walk, bike, or ride the bus. Aggressive plan updates offering more choices could create a higher multifamily blend with mixed-use development.

Thurston County – By the Numbers

There are roughly 108,000 dwelling units in Thurston County today:

- 13,190 (12 percent) are within the centers and corridors of Lacey, Olympia and Tumwater;
- 56,030 (52 percent) are in the remainder of the Lacey-Olympia-Tumwater city limits (35,460) or unincorporated growth areas (20,570);
- 5,180 (5 percent) are in the South County urban areas and Tribal Reservations (Bucoda, Rainier, Tenino, Yelm, Tribal Reservations, Grand Mound);
- 33,520 (31 percent) are in the rural county.

Growth 2010-2035: Assuming a growth projection of 52,050 new dwellings, including replacements:

- 4,850 (9 percent) likely will be located within the centers and corridors (including new centers such as Lacey Gateway) of Lacey, Olympia, and Tumwater;
- 31,020 (60 percent) likely are to be in the remainder of the city limits (17,230) or what is now the unincorporated growth area (13,790) (but could be annexed by 2035);
- 9,070 (17 percent) likely are to locate in the South County urban areas and Tribal Reservations (Bucoda, Rainier, Tenino, Yelm, Tribal Reservations, Grand Mound);
- 6,960 (13 percent) likely are to be in the rural county.

The areas identified as Centers and Corridors include:

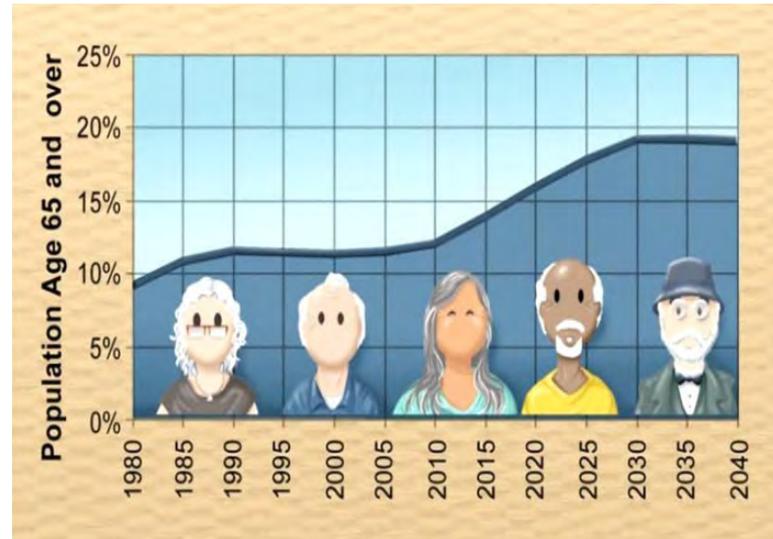
- Centers of West Olympia (out to Capital Medical Center), Downtown Olympia, the Brewery District in Tumwater, Tumwater Town Center, Woodland District in Lacey and Lacey Gateway Center;
- Corridors of Harrison Avenue, Martin Way, Pacific Avenue, Capitol Way and Capitol Boulevard (to Tumwater Town Center), plus the neighborhoods within a quarter-mile of the corridors.

Source: *Thurston Regional Planning Council Population and Employment Forecast, 2012.*

- The average household size in the Thurston Region is decreasing. In 1960, the average household was 3.11 persons; it was 2.46 persons in 2010, reflecting households with fewer kids. This trend is expected to continue for the foreseeable future.¹²

exceeded \$1 trillion — is forcing many people under age 35 to put off making major purchases, such as buying a home or car.¹⁵ Will the mostly suburban Thurston Region will be able to attract and retain Millennials in coming years?

- Today, 78 percent of our housing stock is single-family homes, and the remaining 22 percent is multi-family homes. Roughly 40 percent of the demand for new homes during the next 25 years will be multifamily units, and about 73 percent of our total housing stock will continue to be single-family units. This is comparable to Pierce County today — where about 71 percent of the housing stock is single-family housing.¹³



- The Thurston Region’s elder population is rising, as is true across the nation. The region’s population of residents older than 65 is projected to grow from 12 percent today to 19 percent in 2035; the population age 85 and older is projected to grow from 1.8 percent to 2.4 percent. A major challenge will be meeting elders’ transportation and housing wants and needs [See Appendix, Figure 2.1, page 51].¹⁶

- The “Millennial Generation,” defined generally as people born between 1980 and 2000, is about a third of the U.S. population. Data show that this influential generation is seeking out urban areas, foregoing drivers’ licenses, and postponing or eschewing marriage and parenthood because of changing culture and economic necessity.¹⁴ Further, U.S. student loan debt — which recently
- Very few Accessory Dwelling Units (ADUs) — additional living quarters on single-family lots — have received permits during the past decade in the Thurston Region. As the elder population grows in coming decades, ADUs and other compact housing could offer energy-efficient, accessible, and affordable forms of infill development near bus routes and services.



The Baseline Forecast ...

So what does all of this hold for the future? TRPC projects that, in the coming decades, our community will be made up of greater shares of smaller families and younger and older residents who will seek out a wider range of living options (e.g., ADUs and urban condos) than our largely suburban region has today.

Such shifting demographics and preferences, as well as market conditions and land supply, will continue to influence the type, cost, and location of housing. By gaining a reasonable understanding of this relationship, TRPC created a baseline forecast of regional housing patterns that projects how the region would develop, absent new actions [See *Thurston County — By the Numbers, page 8*]. This is referred to as the “Baseline Future.”

TRPC used a build-out factor related to land availability to determine where future residential growth is likely to locate, as well as to shift growth shares as planning areas become full. It is a ratio of projected demand for dwellings versus available capacity for dwellings.¹⁷

The Baseline Future shows a larger share of growth going into the region’s urban growth areas (unincorporated and incorporated areas within each city’s urban growth boundary) versus rural areas during the next quarter-



century. Both areas will receive some share of the growth, as both urban and rural areas are desirable to people. However, the share of growth going into the urban areas is expected to be greater for several reasons:

- The retiring Baby Boom generation, singles, and young couples without children will drive this shift back into the city center, where they can have a lifestyle with more transportation choices (walking, bicycling, transit — in addition to a car) and activity nearby. This trend will not only drive a shift from rural to urban growth, but also a shift from urban suburbs to city centers or designated urban nodes where suburban infill can provide mixed-use opportunities.
- There is also projected to be stronger demand for multifamily housing. In part, this is driven by the desirability of live-work-play walkable

neighborhoods, where the affordable housing choice tends to be in the form of multifamily structures rather than single-family homes. Another key factor: Many singles and young couples entering the work force are finding it harder than their parents did to earn a living wage, save, and buy a single-family home.¹⁸ Such Millennials are tending to either stay in their parents’ homes longer or rent.

- The retiring and downsizing Baby Boom generation also will drive demand for multifamily and smaller single-family homes, which are found mostly in urban areas where city services such as sewer and water can support denser living. Not all retirees will move to the urban centers and corridors, of course, as many retirees aim to “age in place” and remain in their existing homes or communities. A 2011 report by the National Conference of State Legislatures and AARP Public Policy Institute found that increasing the stock of affordable, accessible housing near transit can prevent social isolation, decrease institutionalization, encourage pedestrian activity, and meet growing consumer demand.¹⁹ Such findings are consistent with this plan’s recommended actions.

What we would lose ...

Although the Baseline Future projects more households amid the region’s urban growth areas during the next quarter-century, the scenario’s combination of existing land-use plans and zoning regula-



tions is still insufficient to achieve the region’s ambitious sustainability vision, priority goals, and targets. Indeed, the Baseline Future would result in:

- 32 percent loss of farmlands to urbanization — some 15,600 acres — compared to a vision of producing a greater proportion of our food locally and protecting farmlands;
- 10 percent loss of forestlands to urbanization — around 19,300 acres — compared to a vision of maintaining forest canopy to preserve water quality and stream health;
- 13 percent of growth going into the rural areas, contributing to



the loss of forestlands, farms, and prairies, resulting in growth patterns that are difficult to serve with infrastructure and services, and straining limited resources;

- Difficulty attracting enough growth to our urban and town centers to create the envisioned vibrant places that will attract and support innovators and creative people to help foster a strong economy;
- A slight increase in activity and density in our major transit corridors — areas that are our best opportunity to support enhanced transit service in the future;
- A slight increase in our jobs/housing balance, compared to a vision of areas where we can live, work, play, and shop;
- Difficulty achieving the neighborhood centers envisioned in the larger cities' comprehensive plans — places that offer destinations close to home and a few goods and services;
- Concerns over water availability to sustain people while protecting the environment; and,
- Concerns over increased energy use and ability to meet the state's vehicle-miles-traveled and greenhouse-gas-reduction targets.

Affordability Indicators ...

Providing a sufficient stock of housing affordable to low- and moderate-income households will remain a key priority for the region's cities and towns in 2035. Today, 38 percent of the region's households earn a moderate income (less than 80 percent of the county median); 21 percent earn a low income (less than 50 percent of the median). Of these low- and moderate-income households, 64 percent report that they are cost-burdened (spend more than 30 percent of their income on housing). A third are severely cost-burdened (spend more than half their income on housing); these households are at a high risk of becoming homeless [See Appendix, Tables 2.1 and 2.2, pages 52-53]. Assuming that the percentage of moderate-income households will hold constant, TRPC projected fair-share housing needs by giving equal shares to each jurisdiction based on projected growth through 2035. TRPC adjusted the shares slightly to account for average transportation costs and proximity to low-wage jobs [See Appendix, Table 2.3, page 54].

The extent to which the region meets the housing wants and needs of its changing population — and achieves its broader sustainable development vision, goals, and targets — will depend on how well it overcomes the financial, regulatory, and perception barriers that are explored in Chapter III. Chapter IV describes the region's Preferred Land Use Scenario and shows its measurable benefits compared to the Baseline Future.

Regional Collaboration on Housing

TRPC provided Thurston County a draft of the *Fair Housing Equity Assessment* in early 2013 to help inform the 2013-2017 *Consolidated Plan* — which prioritizes U.S. Department of Housing and Urban Development funding assistance to increase affordable housing opportunities for low-income residents. The *Consolidated Plan* — produced by the Thurston County HOME Consortium — assesses the region’s needs for Community Development Block Grant (CDBG) and HOME program funding over a five-year period and includes an action plan for each year. In recent years, the region has used the federal funding to provide tax credits to construct affordable housing as well as to provide rental assistance to help families avoid homelessness.

TRPC’s HUD-funded Sustainable Thurston project complements the *Consolidated Plan* in several ways. The *Fair Housing Equity Assessment (FHEA)* identifies how land use, zoning, market forces, and other factors shape access to housing and other opportunities for the region’s racial and ethnic minorities, who are protected under federal, state, and local anti-discrimination laws. The *FHEA* also examines the housing challenges/needs of low-income, homeless, elderly, and other populations of all races and ethnicities. The companion *Regional Housing Plan* and *Creating Places — Preserving Places* recommend goals and actions for expanding all housing types — from affordable to market-rate — over a more than 20-year period.

To read the Consolidated Plan, visit www.co.thurston.wa.us/health/sscp/PDF/CitizensSummary.pdf. To read the Sustainable Thurston plans, visit www.trpc.org/regionalplanning/sustainability/.





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“We face substantial hurdles to overcome in building new walkable urban places, in spite of the apparent pent-up demand. The walkable alternative is generally contrary to zoning codes; it is difficult to finance and baffling to build for much of the development industry due to its relative complexity.”

— Christopher Leinberger, *“The Option of Urbanism”*

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III. Challenges & Opportunities

In its October 2011 white paper, the Sustainable Thurston Housing Panel identified public- and private-sector challenges that affect the location, type, and affordability of housing in the region. Members of the public who attended Task Force meetings, community workshops, and visited *EngageSustainableThurston.org*, noted additional housing challenges and suggested actions to mitigate them. The challenges are grouped into the following categories:

Government Regulations

- Insufficient Incentives
- Permit Delays
- Aging or Needed Infrastructure
- Patchwork Regulations
- Development Fees

Location & Land Use

- Housing Along Corridors
- Low-Density Zoning/Land-Use Segregation
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Affordability & Accessibility

- Service-Enriched Housing
- Affordable Housing Supply
- Affordable Housing Funding

Energy Efficiency & Conservation

- Small-Housing Barriers
- Energy Efficiency Appraisals
- Environmental Performance

Each of the subsequent sections of this chapter lists a specific challenge, notes opportunities to address the challenge, and explains how taking such actions could make the region more economically, environmentally, and socially sustainable. The Appendix includes model housing code language, as well as web links to design manuals, research reports, and other useful information for municipal planners and policymakers, as well as for planning commissioners, developers, and other members of the public.



Insufficient Incentives

Challenge: There are insufficient incentives to encourage the development of a full range of housing choices, especially housing located where there are active-transportation options.

Context: Cities and towns throughout the region have adopted land-use and transportation plans that envision dense and distinct urban centers and corridors with a dynamic mix of housing, shops, offices, parks, and transportation choices — places where a resident might leave the car at the curb, hop on a market-bound bus or walk down a tree-lined street bustling with activity. Plans also envision “middle density” in some residential neighborhoods, resulting in more housing choices, such as an Accessory Dwelling Unit (ADU) added to an existing house, a duplex, or a well-designed multifamily structure that is scaled to the neighborhood.

Making this ambitious vision a reality has proved difficult. Most of our neighborhoods built during the past half-century were designed for travel by private vehicles. Often, single-family homes similar in size and design line cul-de-sacs and large blocks with few links to arterial streets. Routes to schools and shopping centers with free and plentiful parking are often circuitous and lack continuous sidewalk and bike routes. Proposals to build multifamily housing more than two stories tall and more than a half-block from arterials sometimes is met with resistance from owners

of adjacent single-family homes. Opponents of such multistory projects — as well as quadplexes, ADUs, and other “middle-density” housing units — contend that these units would reduce privacy and home values, increase traffic, and change neighborhood character.

Opportunities: Communities could reduce impact fees where there is less impact [See Action 2.5, page 40]. Specifically, communities could use tax exemptions such as special valuation — which allows property tax exemptions in return for development of four or more low-income or market-rate housing units in designated areas. Communities could also offer developers incentives — e.g., density bonuses or permit discounts based on transportation access — to set aside multifamily housing units for low-income buyers and renters in high-opportunity areas (e.g., Olympia’s downtown and Westside, Lacey’s Woodland District, and Tumwater’s Gateway Town Center and Brewery District). Neighborhood-level planning and form-based codes could also establish design expectations for new housing and reduce community concerns [See Action 1.1, page 39].

Sustainability Outcomes: Meeting housing needs on less land takes pressure off of rural lands, including farms, forests, and resource lands. Offering more housing close to services will cut car dependence, as well as reduce the volume of pollutants from brakes, tires, and exhaust that get into the air and water.

Permit Delays

Challenge: Large developments often require many years to secure permits. The lack of neighborhood-level planning needed to create clarity about street and building design and to overcome residents’ resistance to change also draws out the approval process.

Context: Delays in obtaining permits are costly and frustrating for developers, architects, engineers, contractors, local government officials, and members of the general public. There are many reasons for delays. Developers do not always file applications for building permits completely or correctly. On the other side of the desk, municipal staff members sometimes are neither able to review permit applications immediately, nor are staff members always consistent in applying appropriate codes to applications. Opposition to specific projects by elected officials, citizen planning commissioners, and members of the general public also can slow or stop proposed housing developments, even if they are allowed under existing zoning.



Opportunities: An American Institute of Architects study concludes that implementation of a more responsive permit process over a five-year period could result in a 16.5 percent increase in property tax revenue and a 5.7 percent increase in construction spending nationally.²¹ To that end, the San Francisco Research and Planning Association proposes that busy municipalities create an instant plan-review process

paid for with fees for its use; municipalities should also consider outsourcing plan-review services when workload requires it.²²

Locally, applying neighborhood planning and writing form-based codes would help identify expected outcomes (e.g., building design and site location), reduce permit delays, secure project buy-in from stakeholders, and support “middle density” amid priority areas identified for housing [See Action 1.1, page 37]. The American

Planning Association’s website hosts a policy guide for neighborhood collaborative planning.²³ The Form-Based Codes Institute also hosts an online library of model form-based codes.²⁴

Sustainability Outcomes: Expedited permitting is a popular incentive to spur green building practices — e.g., having projects undergo



Leadership in Energy & Environmental Design (LEED) certification by the U.S. Green Building Council. Seattle is among municipalities that offer density bonuses and expedite the review of permits for residential and commercial projects that meet thresholds for energy efficiency, water conservation, and waste reduction.²⁵



Aging or Needed Infrastructure

Challenge: Some communities have antiquated sewer systems (or no sewers at all), as well as substandard road, sidewalk, and stormwater infrastructure that needs to be replaced as the region grows.

Context: Many infill sites are located amid areas that need upgraded infrastructure to support new housing or redevelopment. Many local development standards, however, require builders to replace aging, substandard or missing infrastructure on a “pay as you go” basis. This adds costs to — and sometimes scuttles — what could be beneficial housing development in high-opportunity areas (e.g., Olympia’s

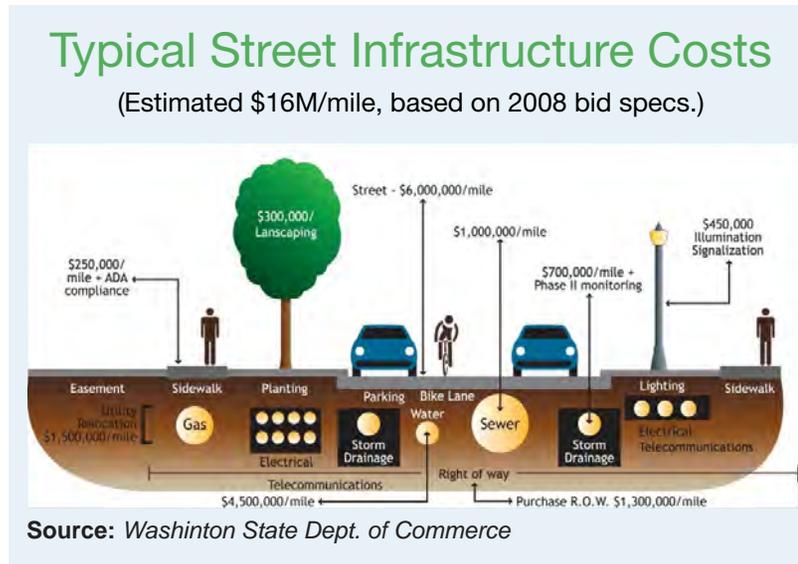


downtown, Lacey’s Woodland District, and Tumwater’s Gateway and Brewery areas).

Opportunities: Many communities with conventional low-density, single-use development patterns are burdened financially by the cost of maintaining and replacing their existing infrastructure, given the tax revenue such development generates. Infill and redevelopment that increases density strategies, rather, can help create vibrant and diverse



communities in which infrastructure investments yield returns that cover long-term financial obligations.²⁶ The Thurston Region could acknowledge the cost of infill development in centers and corridors, the value added by attractive streets, parks, and plazas to the entire community, as well as the return on investment (i.e., greater tax revenue and livability), when adjacent properties are developed. Further, communities could plan and target public dollars and identify additional funding sources to build infrastructure in priority development areas (e.g., urban corridors and centers with the most frequent transit service and robust live/work/shop/play opportunities) [See Actions 4.1 and 4.2, page 43]. The Vancouver-based nonprofit Sustainable Cities International offers a guide that helps local and regional governments understand and address the impacts of urban growth patterns on infrastructure costs. The nontechnical guide advises growing communities how to develop growth scenarios and indicators that can help identify infrastructure needs, costs, and smart-growth policy options.²⁷



Sustainability Outcomes: Redevelopment offers the opportunity to add stormwater infrastructure (where lacking) to capture rain runoff from impervious pavement and treat it before it returns to groundwater, streams, or Puget Sound. It is also an opportunity to improve a street’s feel and function. Planting landscaping, for example, is a comparatively inexpensive way [See infographic, left] of enhancing shading and aesthetic appeal.

Patchwork Regulations

Challenge: Development policy and support varies between jurisdictions, making it difficult for developers to build projects across the region.

Context: Policymaker support for the size and location of housing projects can shift with political turnover. Inconsistent political support and development regulations, thus, can drive development to other jurisdictions. Additionally, there are limited opportunities for building regulators and developers to share model code language, best practices, and other information.



Opportunities: Individually, communities could review and alter zoning that prohibits the type and density of housing that is needed to achieve the region’s shared sustainability goals [See Action 6.1, page 44]. This could include the following: incentivizing affordable housing; reducing jurisdiction-specific impact fees where there is less impact; and, ensuring that zoning allows homeless, transitional, and special-needs housing [See Actions 2.4, 3.4, and 5.1, beginning on page 45]. Regionally, communities could form a standing committee — comprised of public- and private-sector officials (e.g., municipal housing specialists, planners, real estate agents, developers and nonprofit housing providers) — which would be tasked with maximizing cooperation on housing regulations and goals [See Action 1.5, page 39]. Sustainable Thurston’s Housing Panel recommends that local governments offer builders financial incentives for reducing environmental impact, as well as share green-building design, construction, and commissioning best practices [See Actions 1.3 and 1.4, page 39] to enable anyone, anywhere to live in a resource-efficient home.



The nonprofit Northwest EcoBuilding Guild is moving in this direction with the launch of the Code Innovations Database — www.codeinnovations.org — which includes examples of successfully permitted green building projects, model building code language, and information about innovative materials and technologies. The U.S. Green Building Council also hosts an online database of model green-building incentive strategies (e.g., density bonuses, expedited

permits, fee waivers, and tax credits) that cities around the nation could replicate.²⁸

Sustainability Outcomes: By collaborating with private-sector housing specialists and other jurisdictions, the region’s communities could reduce the patchwork of development policy and ensure an adequate supply of both resource-efficient and affordable housing to meet the needs of residents in coming decades. This plan’s companion *Fair Housing Equity Assessment* shows that this is an equity issue that should be addressed regionally.²⁹



has an undue effect on shaping the size, type, and location of new housing.

Context: A household with many children will have a greater impact on the schools system than a household with no children. Likewise, a household in a neighborhood without bus access is likely to have a greater impact on roads than a household in a more central location. Fees that are applied per hous-

ing 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. Further, fees that are developed

without taking into account location will not provide incentives to direct growth to location-efficient areas with greater access to jobs, goods, and services (e.g., transit, hospitals, grocery stores).

There also are situations where housing can be exempt from mitigation fees. For instance, subdivisions that



Development Fees

Challenge: Development impact or mitigation fees are collected in order to ease the fiscal impacts of growth on local jurisdictions. The impacts of growth on public infrastructure and facilities can vary, however, which

Did you know? ...

Impact fees may 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. Jurisdictions collect fees under either or both laws.



do not contain any streams, wetlands or lakes, and have less than nine units in the growth area, and 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, as well as influence the location of housing.

Nonprofit housing providers have additional challenges paying development fees. Typically, such nonprofits strive to provide as many low-cost housing units as possible. Development fees charged on a per-unit basis, therefore, will represent a higher proportion of the overall project budget. The target rent structure usually is set for nonprofits' low-income housing projects, so the nonprofits cannot pass increased costs on to tenants.



Opportunities: Communities could reduce jurisdiction-specific impact fees where there is less impact (i.e., fewer trips due to proximity to services, buses, sidewalks, and bicycle networks), as well as park fees in centers where the parks serve the entire community (e.g., Percival Landing in Olympia and Huntamer Park in Lacey). Additionally, local jurisdictions could examine ways to encourage the construction of

smaller, more affordable housing units through fee structure — especially in centers, corridors, and neighborhood service hubs [See Action 2.4, page 40].

Sustainability Outcomes: Households and community economics are strengthened with more housing types in locations offering less car

dependence and use. Less car dependence also means fewer dollars leaving the local economy.



Housing Along Corridors

Challenge: There is a need for more housing along major corridors that offer multiple modes of transportation and convenient access to service, employment, and retail opportunities. This shows a disconnect between the region’s existing planning goals and what’s actually being built.

Context: Most of the multifamily development activity that is permitted or planned is occurring away from the central city areas (Olympia’s downtown and Westside, Lacey’s Woodland District, and Tumwater’s Brewery District and Gateway Town Center) and the busy transit corridors that connect them. Among the many barriers to increasing the stock of housing amid these location-efficient areas are building height/density limits, parking requirements, high redevelopment costs, and opposition from residents.



Did You Know?

Riding the bus instead of driving alone can save a commuter in the Thurston Region about \$1,000 annually on fuel, maintenance, and other automobile costs.

www.trpc.org/regionalplanning/sustainability/Documents/How_We_Grow_Matters_UPDATED.pdf

Studies show that people, who live or work in more accessible areas with transportation options, have better access to goods, services, and activities. Such people tend to own fewer vehicles, drive less, and rely more on alternative modes, such as taking the bus, bicycling, or walking.³⁰ The cost of living outside of transportation arterials is hidden from consumers looking for housing [See Appendix, Map 2.2, page 50].

Opportunities: There is pent-up demand for smaller housing amid the region’s higher-density corridors.³¹ Communities could review and alter zoning regulations that stymie housing development amid identified priority areas [See Actions 2.1, 2.2, and 2.3, page 40]. Communities also could target infrastructure dollars and identify other funding sources to build infrastructure in such areas [See Actions 4.1 and 4.2, page 43]. Lastly, communities could offer tax exemptions, such as special valuation, and other financing tools to make corridor projects financially feasible [See Action 2.6, page 41]. These and other actions will support new housing types in desired locations to meet the wants and needs of a changing population on less land [See Action 2.1, page 38].



The TRPC Urban Corridors Task Force recommends taking inventory of vacant corridor properties, creating a community lending pool, and initiating public-private partnerships, and recruiting developers.³² To ensure affordable housing is in the development mix, the Housing Panel recommends creating a standing committee composed of public- and private-sector representatives, which is tasked with maximizing cooperation toward achieving shared housing goals and actions [See *Action 1.5, page 39*]. This concept grows out of the development of the *Fair Housing Equity Assessment*.

Sustainability Outcomes: Building housing units along major arterials decreases the amount of land needed for transportation networks, increases the viability of frequent transit service, and allows public safety and emergency services to respond to residents more efficiently.



Low-Density Zoning/ Land-Use Segregation

Challenge: Many local communities favor zoning that maximizes single-family housing over multifamily housing. This preference limits mixed-use development that offers compact units above or adjacent to places to shop, work, and access transit.

Context: During the latter half of the 20th century, municipalities' preference for separating uses through zoning resulted in the development of neighborhoods composed almost entirely of single-family homes, more often than not disconnected from employment and service centers. Even with resurgent interest in mixed-use and master-planned community development today, efforts to extend commercial and multifamily development more than a block from arterials are sometimes met with organized neighborhood resistance. One of the most widely cited concerns among existing residents is that increasing density and economic diversity would decrease the value of single-family homes and degrade the quality of life.³³ Restrict-



ing higher density to specific blocks or neighborhoods, however, can have the unintended impact of concentrating, rather than mixing, low-income people amid neighborhoods [See Appendix, Map 3.1, page 57]. This can result in higher turnover among residents, lower investment in homes, and reduction of neighborhood diversity.

Opportunities: A local market study shows robust demand for housing near commercial services, especially among Empty-Nesters and Millennials. Further, demand for multifamily housing in the Thurston Region is projected to be “significantly higher” this decade than during the 2000-2009 period.³⁴ National housing preference surveys indicate that there may be enough large-lot single-family housing available to support population growth across the nation.³⁵



Did You Know?

An apartment or condominium’s environmental footprint is 10-15 percent smaller than a same-sized single-family home’s footprint (i.e., energy, water, building materials).

www.trpc.org/regionalplanning/sustainability/Documents/How_We_Grow_Matters_UPDATED.pdf

Actions 2.1 and 6.1, pages 40 and 44]. Neighborhood-level planning would help identify expected outcomes (e.g., building design and type) and encourage such “gentle densification” [See Actions 1.1 and 6.2, pages 39, 44].

Sustainability Outcomes: Mixing in multifamily housing — which is generally cheaper to rent/buy, heat, and maintain — enables people of a range of incomes, ages, and abilities to interact and access opportunities equitably. Increasing neighborhood density also provides enough customers to support small-scale businesses (e.g., dry cleaners, cafes, and bakeries) and encourage active transportation such as walking and biking.



Municipal planners and policymakers can respond to changing local demographics and demand by ensuring that zoning is flexible enough to encourage a full range of housing and small-scale commercial development [See Appendix, Figure 3.1, page 55] amid neighborhoods and adjacent arterials that connect with commercial areas [See

Land of Last Resort

Challenge: New development amid the region’s urban centers and corridors often depends on utilizing infill parcels with economic and environmental challenges. For example, some infill parcels are former



industrial sites or are located along shorelines, landfills, and other environmentally sensitive areas.

Context: An estimated 450,000 to 1 million brownfields — sites on which redevelopment may be complicated by the presence or potential presence of hazardous substances from past industry — sit abandoned or underused across the nation.³⁶ The reasons include uncertainty about the presence of contamination or clean-up liability. Nationally, as much as \$2 trillion of real estate may be undervalued due to contamination.³⁷ Other vacant infill sites in urban areas may lack legacy pollution but feature surface or subsurface challenges that restrict the



location and scale of redevelopment (e.g., parcels along shorelines that are subject to setbacks or atop soils that are at risk of liquefaction, erosion, landslides or other geologic events). Such factors can make housing projects more difficult to pencil out for developers.

Opportunities: A dozen years ago, the City of Olympia began a collaborative planning process to transform the southwest corner of Budd Inlet from a moribund industrial strip to a vibrant corridor with parks, housing, offices, and convenient access to downtown and Puget Sound. This spurred the construction of West Bay Park and several housing units, clean-up of the former Hardel Mutual Plywood site, and adoption of new street standards for West Bay Drive.³⁸ Plans call for building additional commercial and residential buildings and removing creosote-soaked pilings, concrete, and other industrial remnants from the shoreline.

In coming decades, Olympia and other cities could identify other priority infill sites and encourage mixed-use development there by prioritizing permit reviews and offering tax exemptions to make projects more feasible [See Action 2.6, page 41]. Communities also could invest in sidewalks, lighting, street trees, and other infrastructure to make private development on adjacent infill lots more economical [See Actions 4.1 and 4.2, page 43]. Just as important, these communities could assess soils and evaluate remediation options where contamination

exists, as well as apply for grants and loans to complete cleanup [See Action 4.3, page 43].

Sustainability Outcomes: Cleaning and redeveloping contaminated urban infill sites can improve human health, create jobs, increase local tax revenues, and encourage smart growth by slowing greenfield development outside of the urban core.



Service-Enriched Housing

Challenge: There is a need for more tailored programs that provide the service-enriched housing needed to place and stabilize chronically homeless and other high-risk tenants. Zoning also is a significant barrier to locating such facilities near areas with transit, services, and other amenities.

Context: In many cities, zoning restricts homeless shelters to a limited number of areas, treating the facilities more like commercial enterprises rather than emergency housing accommodations. New shelters often are required to go through conditional-use permit processes that require public review, sometimes resulting in significant opposition. Faith-based shelters also are subject to zoning and other regulations. Recent case law, however, has created an extraordinary right under the Washing-

ton State Constitution for faith-based organizations to “minister to the poor” in pursuit of their religious mission. As a result, homeless shelters hosted by churches and other faith-based organizations benefit from more flexibility from local governments than those operated by nonprofit organizations.



In addition to shelters, nonprofit organizations in the region operate transitional and permanent supportive housing programs. Transitional housing programs typically provide rental assistance with support services for two years. Permanent supportive housing, which is more expensive to administer, helps provide a stable environment so that people with social, physical, and behavioral challenges can be cared



for without the constant threat of losing their housing. Even with very effective housing and service programs in place to stabilize people out of homelessness, there are not enough programs in place to meet the need.³⁹ During the 2012 point-in-time count of the region’s homeless population, there were 171 people who were living unsheltered on streets and alleyways, and in tents in wooded areas.⁴⁰

Opportunities: Thurston Region municipalities could ensure that zoning codes include shelters, group homes, transitional housing, and permanent housing with social services, as well as ensure that such facilities have access to transit, parks, and other amenities [See Action 5.1, page 43]. Further, municipalities in the region could establish affordable housing goals and policies, and collaborate on ways to achieve them, and measure progress over time [see Actions 3.1, 3.2, and 3.3, page 42].

The Thurston County Board of Health’s “Thurston Thrives” project, which brings together leaders from businesses, schools, municipal governments, neighborhood associations, charities, and social and medical care groups, will culminate in late 2014 with the adoption of a regional plan for public health through 2020. The plan will include additional recommendations for improving health outcomes through housing (e.g., increasing and improving the stock of service-enriched and low-income housing).⁴¹ Sustainable Thurston marks a foundation for this project to build on.

Sustainability Outcomes: Supporting a full range of housing amid urban corridors, centers, and other close-in areas where some daily needs can be met without a private automobile supports active transportation, improves health outcomes, and supports equitable access to opportunity — no matter a person’s economic status.



Affordable Housing Supply

Challenge: The cost of housing generally has outpaced incomes during the past two decades in the Thurston Region, so people of modest means have a more difficult time accessing and keeping housing that meets their needs.

Context: One of the clearest findings of this document’s companion *Fair Housing Equity Assessment (FHEA)*, is that this region’s areas with the highest poverty rates also are the areas with the best access to transit, jobs, affordable housing, and social services. In short, many of the people at the bottom of the income scale live in areas that offer the best resources to help them meet their basic needs and rise above poverty.

While this finding is a positive note, still there is greater demand for affordable housing than supply. The low-income and minority residents



whom TRPC engaged as part of the this project said a major challenge was having adequate money and knowledge to access and keep the housing they need, especially when the rental and employment markets are tight⁴² [See *Basic Needs Survey in Appendix, page 70*]. Further, there are significant private- and public-sector barriers — including zoning restrictions, high redevelopment costs, and opposition from existing residents — to expanding and integrating the stock of affordable multifamily development more than a half-block from arterials. Among existing residents’ most widely cited concerns: multistory apartment buildings will not fit with the surrounding neighborhood’s character and scale, potentially block views, erode privacy, and increase street traffic and parking.⁴³ Restricting higher density to specific blocks or neighborhoods, however, can have the unintended impact of concentrating low-income residents, the *FHEA* found [See *Appendix, Map 3.1, page 57*]. This can result in economic and racial segregation, as well as higher turnover among residents and lower investment in homes.



Opportunities: Across the nation, most affordable housing units are in neighborhoods with high poverty rates. But recent research by the RAND Corporation found that 75 percent of affordable units produced through inclusionary ordinances are located in neighborhoods with low poverty rates, compared with just 8 percent to 34 percent for other types of housing.⁴⁴ To foster such economic integration in the Thurston Region, the public and private sectors could collaborate to set and achieve housing goals, targets, and actions [See *Action 3.1, page 42*]. Specifically, municipalities could: incentivize developers to include affordable housing in projects; use fee structure to spur the construction of smaller, affordable housing units in high-opportunity areas; use housing and energy funds to preserve existing units serving low- and moderate-income households; and, provide funding for shared-equity models (e.g., community land trust and down-payment assistance models) that make buying housing more affordable [See *Actions 2.4, 3.4, 3.5 and 7.1, starting on page 40*]. An existing resource for prospec-



tive renters seeking affordable housing is www.HousingSearchNW.org, a state Department of Commerce-sponsored database with available rental housing throughout Washington State. Among the free site’s tools is a median family income calculator that helps residents gauge what they could afford to spend on rental housing in a given market.

Sustainability Outcomes: “Opportunities” are services and resources that help poor or disadvantaged populations become more self-reliant and economically stable. Ensuring that there is affordable and accessible housing in high-opportunity neighborhoods — e.g., those with a range of incomes and housing types near employment/social service centers and transit corridors — is an important form of social equity and sustainability.



Affordable Housing Funding

Challenge: Federal austerity measures threaten to reduce foreclosure prevention assistance for financially distressed households, as well as funding for supportive housing, renter vouchers and grants for building and rehabilitating affordable housing units.⁴⁵ Private lenders also are tightening the availability of mortgage and housing acquisition/rehabilitation loans.

Context: The Great Recession continues to affect Thurston County’s housing market. Home values, payrolls, and spending declined with the

economic slowdown that began in 2007, resulting in layoffs, “underwater” mortgages, tarnished credit ratings, and foreclosures for many homeowners. Even as the economy recovers, prospective buyers in Thurston County face tougher equity requirements and other lending standards. Banks, which face higher capitalization requirements from



regulators, are lending more conservatively and holding onto homes acquired through foreclosure as the financial institutions wait for home prices to rise further. Such forces will continue to slow the rate of local housing construction, rehabilitation, and turnover during the next few years.⁴⁶ Meanwhile, the region’s low-income renters could continue to



see flat or reduced assistance as a result of federal budget cuts.⁴⁷

Opportunities: The region must continue to meet its affordable housing needs. Low-income residents will continue to rely upon nonprofits such as South Sound Habitat for Humanity and Rebuilding Together Thurston County to build and repair affordable housing.

Municipalities can do their part by incentivizing for-profit developers to set aside units in new multifamily housing developments for low-income residents, as well as by prioritizing energy retrofit funds for smaller, more affordable housing [See Actions 3.4 and 7.1, pages 42 and 45]. Municipalities also could change fee structures to encourage the construction of new, affordable housing units in priority development areas [See Action 2.4, page 40].

Other actions municipalities could pursue include: encouraging the bulk purchase of delinquent mortgages from lenders to prevent foreclosures and stabilize communities [See Action 3.6, page 42]; supporting people who have or have had financial difficulties but want to



Did You Know?

A dollar of public funds invested in affordable housing has an economic multiplier effect that averages about \$11, including leveraged private capital.

www.trpc.org/regionalplanning/sustainability/Documents/How_We_Grow_Matters_UPDATED.pdf

re-enter the homeownership market [See Action 3.7, page 42]. Banks and their partners could encourage rapid build-up of housing equity through financial innovations so homeowners are less likely to default when market conditions become unfavorable [See Action 3.8, page 42].

Sustainability Outcomes: Weatherizing homes that are located near transit and that are affordable to low- and moderate-income households helps meet multiple economic, social, and sustainability goals.



Small-Housing Barriers

Challenge: Development costs, inadequate financing, code requirements, and neighborhood opposition are among the many barriers to expanding the stock of Accessory Dwelling Units (ADUs) and other small housing — compact living spaces that are generally more affordable and resource-efficient than a single-family home.

Context: While Olympia, Lacey, and other local municipalities allow ADUs — also known as backyard cottages or granny flats — compar-





atively few of these structures have been built or are projected to be built in coming decades, according to TRPC’s Baseline Future [See Appendix, Table 3.2, page 58]. Opposition to ADUs — and, in some markets, microhousing apartments — is often on the basis that ADUs might reduce a neighborhood’s “single-family feel,” parking availability, and property values.⁴⁸ The financial and appraisal system does not recognize rental income from ADUs, so some homeowners find it difficult to afford to build ADUs. Regulatory barriers to building ADUs include owner-occupancy and parking requirements, design standards, and development fees.⁴⁹

Opportunities: The region’s municipalities could review and alter regulations — everything from fees and design rules and owner-occupancy and parking requirements — to allow microhousing development where it is beneficial [See Action 6.1, page 44]. Portland and Seattle are among

U.S. cities that allow microhousing apartments (typically, 300 square feet or less) in densely built areas; such units range from fully equipped “micro-loft” apartments⁵⁰ to more Spartan “aPodment” studios clustered around a shared kitchen and laundry area.⁵¹ An ADU, on the other hand, is most often a self-sufficient unit that is a single story or built atop a detached garage adjacent to a single-family home. To spur the construction of ADUs in neighborhoods, Portland waived systems development charges on such infill projects until mid-2016.⁵² Seattle created a guide that offers residents practical information about ADU costs, permits, construction, and rental management.⁵³ Santa Cruz, Calif., created a similar manual that describes relevant ADU zoning, design standards, and building prototypes.⁵⁴ Here in the Thurston Region, Lacey has promoted the use of ADUs and updated its municipal code with a robust list of ADU size, parking, access, and design rules to protect neighborhood privacy and character [See Appendix, Exhibit 3.1, page 62].⁵⁵

Other municipalities in the region could replicate such code changes and design manuals to help prospective builders and neighbors understand what an ADU should look like and cost to construct [See Action 6.2, page 44]. Municipalities also could lobby lenders and mortgage buyers to recognize income-based appraisals from homes with ADUs to make such units more economical.⁵⁶ Another action proposed by ADU advocates is to create a lending program that uses ADU rental income as a direct source of security for a construction loan.

Sustainability Outcomes: Well-designed ADUs and other small housing can add “middle” density that creates a sufficient customer base to support public transit and neighborhood-scale businesses. ADUs also can serve as an income source for landlords, as well as an affordable and accessible housing option for elders, singles, and others who live on a limited budget.



Energy Efficiency Appraisals

Challenge: Energy efficiency savings are not often included in building valuations, and this affects the loan amount available to housing builders and buyers.

Context: Energy efficiency is invisible, and utility bill savings are often incremental, so it is sometimes hard to track and easy to overlook.⁵⁷ A growing body of research shows that building energy performance affects everything from occupants’ utility bills⁵⁸ to health and productivity.⁵⁹ As demand for green residential and commercial buildings rises, lenders and appraisers must be more adept at accounting for the effects energy efficiency has on a property’s operational costs and overall value.

Opportunities: A recent study by the University of North Carolina concluded that residents who buy an energy-efficient home are less



Did You Know?

Energy efficiency is getting more in columns A & B for less in column C.

Column A	Column B	Column C
comfort	productivity	money
heating	affordability	pollution
quality	performance	energy
jobs	cooling	hassle
lighting	control	waste

Source: Alliance to Save Energy



likely to default on their mortgage.⁶⁰ The study's authors suggest that lenders may want to require information about home energy costs and encourage an energy audit or rating during the process or mortgage underwriting — steps that would help homeowners make informed decisions about energy efficiency investments and promote the long-term efficiency of the housing stock. The authors also suggest that lenders and secondary-market investors take into account the energy efficiency of the home used as collateral for the loan in an underwriting decision — an approach that would increase affordability for borrowers and enable underwriting flexibility to cover the additional cost of green features.

The Federal Housing Authority and a growing number of private banks offer energy-efficient mortgages, which enable customers to roll in the costs of making energy-saving improvements to the home they are building or purchasing.⁶¹ On the appraisal front, the Chicago-based Appraisal Institute offers online and classroom courses that teach real estate appraisers energy efficiency valuation methods.⁶²

Here in the Thurston Region, the Northwest EcoBuilding Guild is working to create a network of certified green appraisers, as well as an online database that rates the environmental quality of rental properties. By making information available about a rental housing unit's walkability, energy efficiency, and indoor air quality

transparent, proponents contend the voluntary rental rating database would create a market-based incentive for landlords to improve their properties.⁶³

Such efforts complement Sustainable Thurston Housing Panel recommendations for municipalities and energy providers (e.g., Puget Sound Energy) to incentivize residential energy upgrades (e.g., rebates for weatherizing a home or buying an Energy Star appliance), focusing on middle- and low-income homes first [See Action 7.1 and 7.2, page 45]. The Energy Panel proposes that municipalities also: encourage energy audits of large power consumers (both residential and commercial buildings) to identify efficiency improvements [See Action 7.5, page 45]; engage landlords and property managers in energy efficiency upgrades (e.g., replacing windows, doors, and insulation) [See Action 7.3, page 45]; and, work with local financial institutions to facilitate affordable financing of such upgrades [See Action 7.4, page 45].

Sustainability Outcomes: Reduced energy use and greater emphasis on distributed energy generation from renewable resources — e.g., rooftop photovoltaic panels that convert sunlight to electricity — reduces household and community risk exposure to higher fossil fuel costs as well as boosts energy independence.

Environmental Performance

Challenge: Code regulations and occupant behavior limit the environmental performance of homes.

Context: The Washington Legislature-created State Building Code Council updates the State Building Code every three years and must vet all municipal code amendments that impact single-family or multifamily residential buildings before codes can be enforced. Cities and counties that identify code barriers and propose amendments also must identify what unique climatic, seismic, energy, and health conditions exist within the local jurisdiction — a process that can take significant time and resources. Controlling the cost of housing in both financial terms and energy usage also is limited by occupants' knowledge of conservation best practices and ability to afford resource-efficient upgrades to their home. More public education, coordination, and resources are needed.

Opportunities: As part of its climate change mitigation efforts, Thurston County identified green building, land-use, and development code barriers, adopted a cottage housing ordinance, and launched a website to stimulate education.⁶⁴ Thurston County and the Northwest EcoBuilding Guild also launched The Code Innovations Database (www.codeinnovations.org), a website with case studies and links to high-performance building codes and standards

organizations.⁶⁵ To further these efforts, the region's municipalities could support State Building Code amendments that improve building environmental performance [*See Action 1.3, page 37*].

In 2010, the Thurston Economic Development Council launched Thurston Energy to provide the region's businesses and households with the knowledge and means to save money and energy.⁶⁶ The online resource offers residents cash rebates to offset the cost of conducting energy audits, weatherizing homes, and upgrading heating, ventilation, and air-conditioning (HVAC) systems.

Going forward, the region's municipalities could expand support for such programs that incentivize the choices of building owners and occupants to boost conservation and shrink their carbon footprint. Municipalities also could prioritize preservation/weatherization funding for affordable housing where less car dependence is possible [*See Action 7.1, page 45*].

Sustainability Outcomes: Many of the region's older — and, often, most affordable — homes have poorly insulated walls, windows and doors, as well as inefficient HVAC equipment. A household can shrink its electricity bill and carbon footprint by using energy and eliminating waste more wisely.





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**“Private industry builds the housing,
but it’s the responsibility of government
to provide the places to do it.”**

— Doug DeForest, Sustainable Thurston Housing Panel Chairman

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IV. Vision, Goals & Actions

As the previous pages show, building a full range of housing during the next few decades would make the Thurston Region more equitable and improve its environmental and economic outcomes. This is the essence of “smart growth” and the key to helping the region achieve its sustainable development vision.

The Vision ...

In one generation — through innovation and leadership — the Thurston Region will become a model for sustainability and livability. We will consume less energy, water, and land, produce less waste, and achieve carbon neutrality. We will lead in doing more while consuming less. Through efficiency, coupled with strategic investments, we will support a robust economy. Our actions will enhance an excellent education system, cultivate a healthy environment, and foster an inclusive and equitable social environment that remains affordable and livable. We will view every decision at the local and regional level through the sustainability lens. We will think in generations, not years. The region will work together toward common goals, putting people in the center of our thinking, and inspire individual responsibility and leadership in our residents.

The Preferred Scenario ...

The Preferred Land Use Scenario calls for “actively creating centers, corridors, and neighborhood centers while protecting rural residential lands, farmlands, prairies, and forestlands.” Compared to the Baseline Future, the preferred scenario would result in the following measurable benefits:

- 95 percent of growth locating in areas designated for urban growth;
- \$1.6 billion savings in road, water, sewer, and other related infrastructure to support residential development;
- 16 percent reduction of 1990 levels of vehicle miles traveled based on land-use changes alone;
- 43 percent of the population living within a quarter-mile of transit service;
- 72 percent of urban households living within a half-mile of goods and services;
- 33 percent reduction in land consumption;
- 21 percent decrease in total residential water consumption;
- 11 percent decrease in total residential energy consumption;



- No net loss of forestlands;
- No net loss of rural farmlands;
- 34 percent reduction in new impervious area in protected stream basins;
- 31 percent reduction in new impervious area in sensitive stream basins; and,
- 38 percent reduction in carbon dioxide emissions per household, leading to a 10 percent reduction in total carbon dioxide emissions from residential uses compared to 2010.

The Goals ...

To achieve the preferred scenario and broader sustainable development vision, *Creating Places — Preserving Spaces: A Sustainable Development Plan for the Thurston Region* sets a dozen priority goals and targets [See Appendix, Table 3.3, page 59]. Three priority goals and targets relate directly to housing density and equity:



GOAL: Create vibrant centers, corridors and neighborhoods while accommodating growth.

TARGET: By 2035, 72 percent of all — new and existing — households in our cities, towns, and designated urban growth areas will be within a half-mile (comparable to a 20-minute walk) of an urban center, transit corridor, or neighborhood center with access to goods and services to meet their daily needs.



GOAL: Preserve environmentally sensitive lands, farmlands, forest lands, prairies, and rural lands and develop compact urban areas.

TARGET: No more than 5 percent of new housing units anticipated between 2010 and 2035 will be in areas outside of the region’s cities, towns and unincorporated urban growth areas, and 95 percent will be within cities, towns, unincorporated growth areas, and tribal reservations.



GOAL: Ensure that residents of the Thurston Region have the resources to meet their daily needs.

TARGET: By 2035, less than 10 percent of total households in Thurston County will be cost-burdened; less than 5 percent will be severely cost-burdened.

Hitting these targets will require achieving the following seven housing-specific goals and taking 32 related actions:

Housing Goals & Actions

Goals and Actions		Timeline	Lead	Partners
Housing				
GOAL H-1	Improve regulatory clarity and predictability to encourage urban infill and redevelopment.			
Action H-1.1	Conduct neighborhood area planning. Involve the neighborhood in the process, answer questions up front, and encourage sharing of ideas and information with the goal of creating clarity and predictability about outcomes. Processes include discussions about: density and design, showing how to integrate additional housing to achieve desired vision and goals; and, using form-based codes or other tools that may streamline the permit process by creating more certainty about outcomes that may reduce opposition and costly delays.	Underway	Cities/towns; County	Neighborhoods; Civic groups
Action H-1.2	Make sure that housing as envisioned in different areas is feasible to finance and build. Do this by commissioning pro forma-type analyses as development code is updated.	Short	Cities/towns; County	Developers; Finance
Action H-1.3	Share green building design and construction best practices; be receptive to new building technologies and practices, and support Washington State Building Code Council amendments to the state building code that support market adoption of such technologies and practices.	Short; Medium	Cities/towns; County	State; Developers; Nonprofits; PSE
Action H-1.4	Offer financial incentives for reducing environmental impacts. Engage landlords, realtors, and other community stakeholders, to enable anyone, anywhere to live in a healthy, energy- and water-efficient home. Create incentives for stormwater retrofits in existing neighborhoods, disconnect downspouts to allow for infiltration, add rain gardens, rain water harvesting, porous patios and driveways, etc.	Underway	Cities/towns; County	Finance, Developers; Nonprofits; PSE
Action H-1.5	Create a local or regional standing committee, composed of public- and private-sector representatives, tasked with maximizing collaboration and cooperation toward achieving shared housing goals.	Underway	TRPC	Cities/towns; County; Developers; Finance; Nonprofits



Goals and Actions		Timeline	Lead	Partners
GOAL H-2	Increase housing amid urban corridors and centers to meet the needs of a changing population.			
Action H-2.1	Review regulations that stymie or prevent housing development near or within urban corridors and centers. Offer more opportunities for young, aging, and single populations to meet housing needs, especially in centers and transit corridor areas where there will be a choice for a less car-dependent lifestyle. For example, cities could use zoning to cluster senior care facilities near corridors and medical facilities to provide more efficient delivery of medical services.	Short	Cities/towns; County	Developers; Neighborhoods; IT
Action H-2.2	Remove barriers or “right-size” regulations to achieve goals. Regulatory barriers include: parking requirements, setbacks, building height limits, and barriers to building green or retrofitting existing housing.	Short; Medium	Cities/towns; County	Developers; Neighborhoods; PSE
Action H-2.3	Identify priority areas ripe for housing development that will meet multiple goals. These include areas that offer more transportation choices, such as urban corridors. Focusing housing and jobs may eventually achieve the density needed to support long-range goals for higher-capacity transportation such as bus rapid transit. Increased housing density is also needed to create the “places” envisioned in the Plan, such as vibrant urban centers and corridors, or to support neighborhood activity hubs. Support developments that meet these objectives. Reduce review and approval times and consider providing infrastructure to support this type of development. Expect neighborhood opposition and plan for it.	Short	Cities/towns	IT
Action H-2.4	Examine ways to encourage smaller, affordable housing units through the fee structure, especially in centers, corridors or adjacent to neighborhood service hubs.	Short	Cities/towns	Developers; Neighborhoods
Action H-2.5	Reduce local jurisdiction-specific impact fees where there is less impact (fewer trips due to proximity of services, transit, sidewalk, and bicycle networks; park fees in centers where the parks serve the entire community).	Medium	Cities/towns; County	Developers; Neighborhoods



Goals and Actions	Timeline	Lead	Partners
<p>Action H-2.6</p> <p>Use tax exemptions, such as Special Valuation (multifamily tax exemption), or other financing tools to make projects financially feasible.</p> <p>Special Valuation allows property tax exemptions in return for development of four or more low-income or market-rate housing units in designated areas. Where feasible, savings could be passed down to the purchaser or renter.</p>	Medium	Cities/towns; County	Developers; Neighborhoods
<p>Action H-2.7</p> <p>Identify opportunities to aggregate properties where housing density is needed to achieve community goals and make multifamily projects feasible to build and finance.</p>	Short; Medium; Long	Cities/towns	Developers; Neighborhoods



Goals and Actions		Timeline	Lead	Partners
GOAL H-3	Provide sufficient housing for low- and moderate-income households within each jurisdiction.			
Action H-3.1	Set goals and policies to provide sufficient housing for low- and moderate-income households within each jurisdiction.	Short; Medium; Long	Cities/towns; HOME Consortium	Nonprofits; Developers
Action H-3.2	Expand and collaborate on efforts to educate tenants and landlords about housing rights and responsibilities.	Long	Cities/towns; Nonprofits	Nonprofits; Landlord organization
Action H-3.3	Collect and review housing benchmark data.	Long	HOME Consortium	Nonprofits
Action H-3.4	Incentivize developers to set aside a percentage of multifamily housing units for low- and moderate-income buyers and renters.	Short; Medium	Cities/towns; County	Developers; Neighborhoods
Action H-3.5	Provide funding for shared-equity policies — via community land trust or down-payment assistance models — to make buying housing of all types (single-family homes, condos, duplexes) affordable.	Short; Medium	Nonprofits; Cities/towns; County	Nonprofit funders; Finance
Action H-3.6	Encourage the bulk purchase of delinquent mortgages from lenders to prevent foreclosures and stabilize communities.	Short; Medium	Cities/towns; County	Finance
Action H-3.7	Encourage re-entry into the housing market by fostering Housing Ownership Reengagement Centers. They offer services such as home ownership preparation and foreclosure assistance and prevention.	Short; Medium; Long	Cities/towns; County; Nonprofits	Realtors
Action H-3.8	Encourage rapid build-up of equity through financial innovations so homeowners are less likely to default when market conditions are unfavorable.	Short; Medium; Long	Finance	Nonprofits; State; Federal



Goals and Actions		Timeline	Lead	Partners
GOAL H-4	Maximize opportunity to redevelop land in priority areas by investing in infrastructure and environmental remediation.			
Action H-4.1	Mitigate the additional cost of development in centers and corridors by making public infrastructure investment that adds value, safety and public enjoyment for the entire community and that result in appropriate public return on investment when adjacent properties are developed (increases area's tax base, activity and livability). Allow for latecomers and other methods of repayment for government outlay for infrastructure.	Underway; Short; Medium; Long	Cities/towns; County; IT; LOTT	Developers; Neighborhoods
Action H-4.2	Identify additional funding sources to make building infrastructure as part of a priority infill housing project more financially viable.	Short; Medium	Cities/towns; County	Finance; Developers
Action H-4.3	Do soil and groundwater assessments and evaluate appropriate remediation options where contaminated soils and groundwater exist. Identify funds for assessment and remediation. Apply for grants and loans to complete clean-up.	Short; Medium; Long	Cities/towns	State; Federal
GOAL H-5	Provide sufficient service-enriched housing for homeless and high-risk populations.			
Action H-5.1	Include shelters, group homes, transitional housing, and permanent housing with social services in zoning codes and locate where these facilities have access to transit, parks, and other amenities.	Short; Medium	Cities/towns; County	Nonprofits; IT; Neighborhoods



Goals and Actions	Timeline	Lead	Partners	
GOAL H-6	Encourage housing density and diversity in neighborhoods to add vibrancy and increase equitable access to opportunity.			
Action H-6.1	<p>Review and amend residential zoning policies to provide opportunity for the mix and density of housing needed to meet the needs of changing demographics, use land wisely, and support nearby transit and businesses.</p> <p>Remove barriers to providing for “middle density” types of housing, such as duplexes, fourplexes, and mansion apartments in neighborhoods close to transit corridors. Consider innovative housing options such as “new” boarding houses, or aPodments, which have common kitchen and living spaces and little or no onsite parking. This will offer those wishing to live in a walkable urban are an alternative to suburban single-family homes, which can then be sold to newly forming households with children.</p>	Medium	Cities/towns; County	IT
Action H-6.2	<p>Encourage “gentle densification,” such as accessory dwelling units, small houses on small lots, attached housing types or appropriately scaled multifamily buildings, cottage housing, and village cohousing developments in neighborhoods.</p> <p>Make desired outcomes clear, identify infill opportunity sites, and resolve issues to achieve desired results. Create pre-approved housing templates to reduce fees and processing times.</p>	Short	Cities/towns; County	



Goals and Actions		Timeline	Lead	Partners
GOAL H-7	Encourage the construction, weatherization and operation of homes to boost energy efficiency.			
Action H-7.1	Prioritize home weatherization funds to preserve affordable housing (units for low- and moderate-income households) and further other sustainability goals.	Short	Cities/towns; County	State; Federal; Nonprofits; PSE
Action H-7.2	Support and expand current funding and incentive programs that encourage building owners and occupants to choose resource-efficient appliances and weatherize homes.	Underway	Cities/towns; County; PSE; TE; LOTT	
Action H-7.3	Engage landlords and property managers in energy efficiency efforts.	Underway	Cities/towns; County; TE	Housing Authority; PSE
Action H-7.4	Work with local financial institutions to facilitate affordable financing of energy upgrades.	Short	Cities/towns; County	Finance; PSE
Action H-7.5	Encourage energy audits of large power consumers to identify efficiency improvements.	Short	Cities/towns; County	PSE
Action H-7.6	Work collaboratively to adopt uniform energy-efficiency building standards and engage in continuous improvement.	Short	Cities/towns; County	Nonprofits; State; PSE



The Big Picture ...

Housing is but one piece of a complex puzzle that includes transportation, food, health, water, economic development, and other interconnected issues. Each piece is essential. Together, they show what a sustainable Thurston Region would look like in 2035.

The companion regional sustainability plan, *Creating Places — Preserving Spaces*, sets a dozen priority goals and targets. Hitting these targets will require achieving more than two-dozen general goals and taking about 350 related actions. Sounds complicated? Then think of the plan's picture-puzzle structure as a circle — or a wheel, if you will [See *Thurston Sustainability Wheel*, page 47].

The wheel's center represents the economically, socially, and environmentally sustainable community described in the vision statement. The innermost ring represents the six elements described in the foundational principles and policies document [See *Appendix, Exhibit 4.1*,

page 67]. The icons in the next ring represent the 12 priority goals and targets. The outer ring represents the roughly 350 actions necessary to achieve the goals, targets, and vision. While every action is important to achieving the central vision, some actions will help the region achieve multiple goals and targets.

More than 2,000 residents took part in Sustainable Thurston's communitywide discussion between early 2011 and mid-2013. Dozens more community members volunteered countless hours as members of expert panels and the Sustainable Thurston Task Force, and planners helped translate the community's complex ideas into clear goals and actions.

As an initial step, TRPC produced the *Fair Housing Equity Assessment*, which identifies how land use, zoning, market forces, and other factors shape access to housing and other opportunities for the region's racial and ethnic minorities, who are protected under federal, state, and local anti-discrimination laws. Given the Great Reces-

sion's lingering effects on the region's economy, the *FHEA* also examines the housing needs of low-income, homeless, and other vulnerable populations. The *Regional Housing Plan* and the broader regional sustainability plan, *Creating Places — Preserving Spaces*, build upon the comprehensive equity assessment in several ways.

The *Regional Housing Plan* incorporates the *FHEA*'s analysis of equity barriers and notes opportunities to address these challenges in a socially, economically, and environmentally sustainable manner. *Creating Places — Preserving Spaces* recommends how these actions should be operationalized. The document identifies regional priority actions, timelines, leads, and partnerships.

To be sure, enacting the *Regional Housing Plan* and *Creating Places — Preserving Spaces* will be far more difficult than putting them together. Success will require sustained commitment and collaboration on the part of the public and private sectors.



The Thurston Sustainability Wheel





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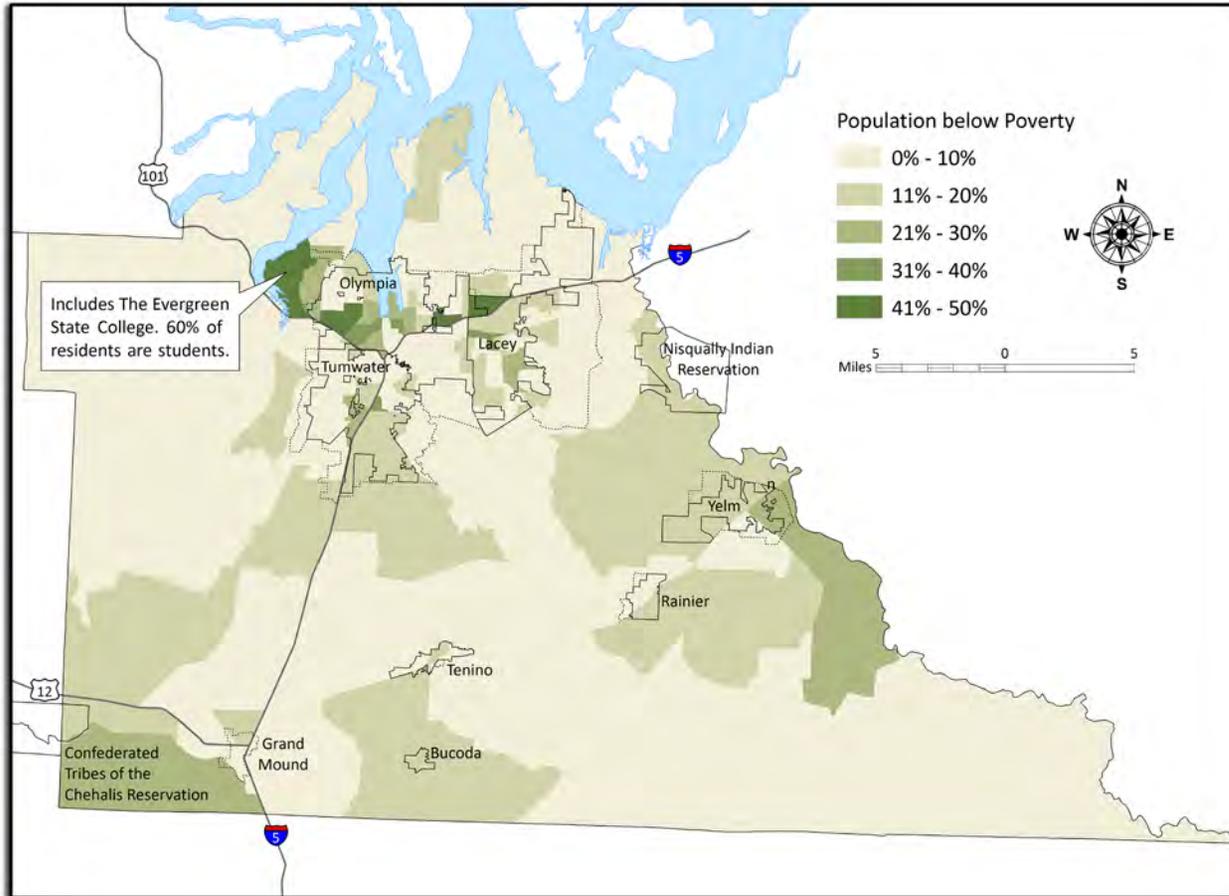
**“[Sustainability] is kind of like
using a high-efficiency light bulb.
When everybody does it, it
makes a difference.”**

— Stephen Buxbaum, Olympia mayor and Sustainable
Thurston Task Force member

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V. Appendix Figures, Tables, Maps & Exhibits



Map 2.1: Poverty Rate by Block Group, Thurston County

**The block group immediately to the west of Olympia's urban growth area includes The Evergreen State College. The block group's high poverty rate is likely due to the number of households composed of students.*
Source: Fair Housing Equity Assessment (TRPC)



Map 2.2: Auto Use Expenses by Income Level, Thurston County

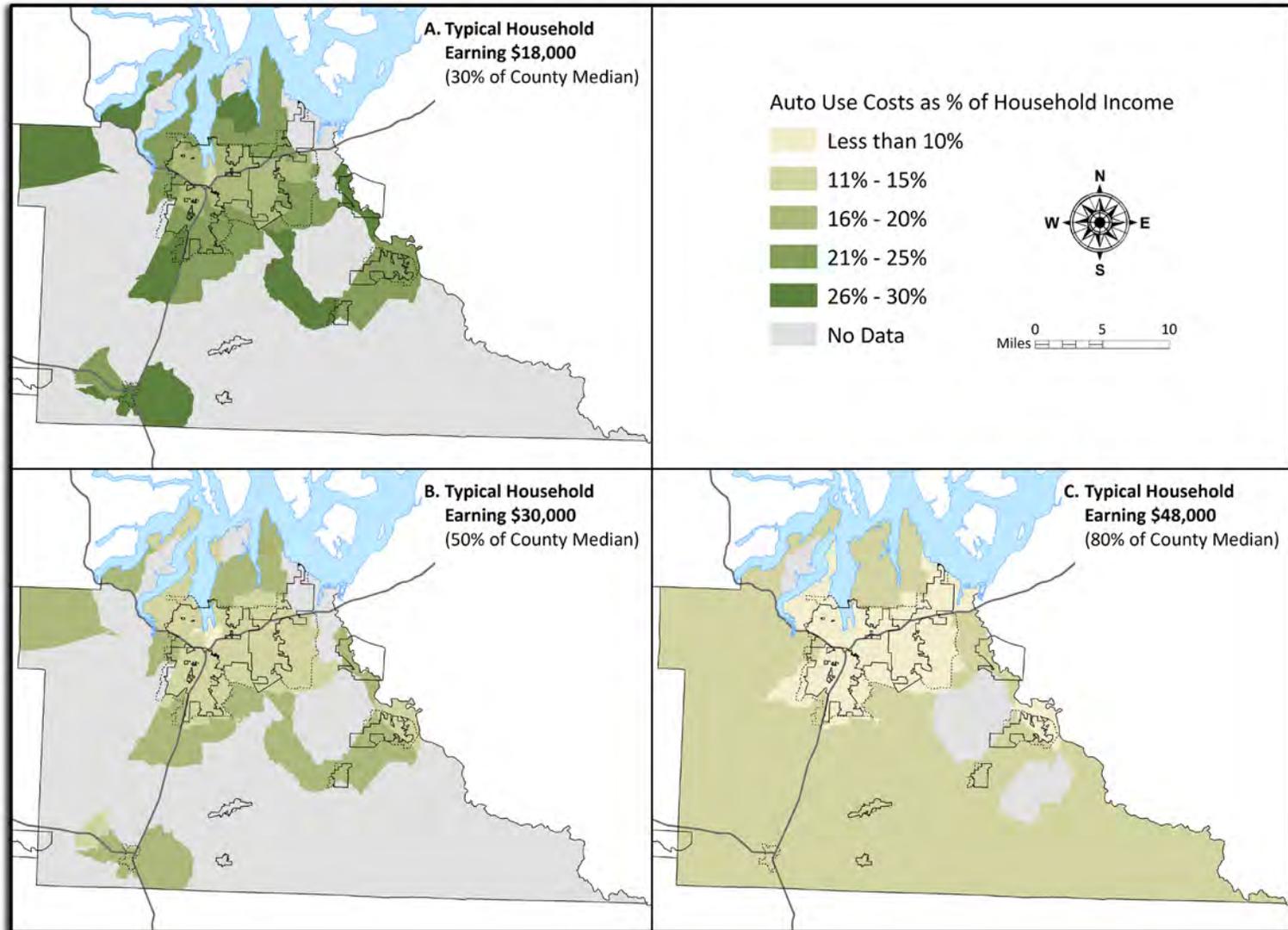
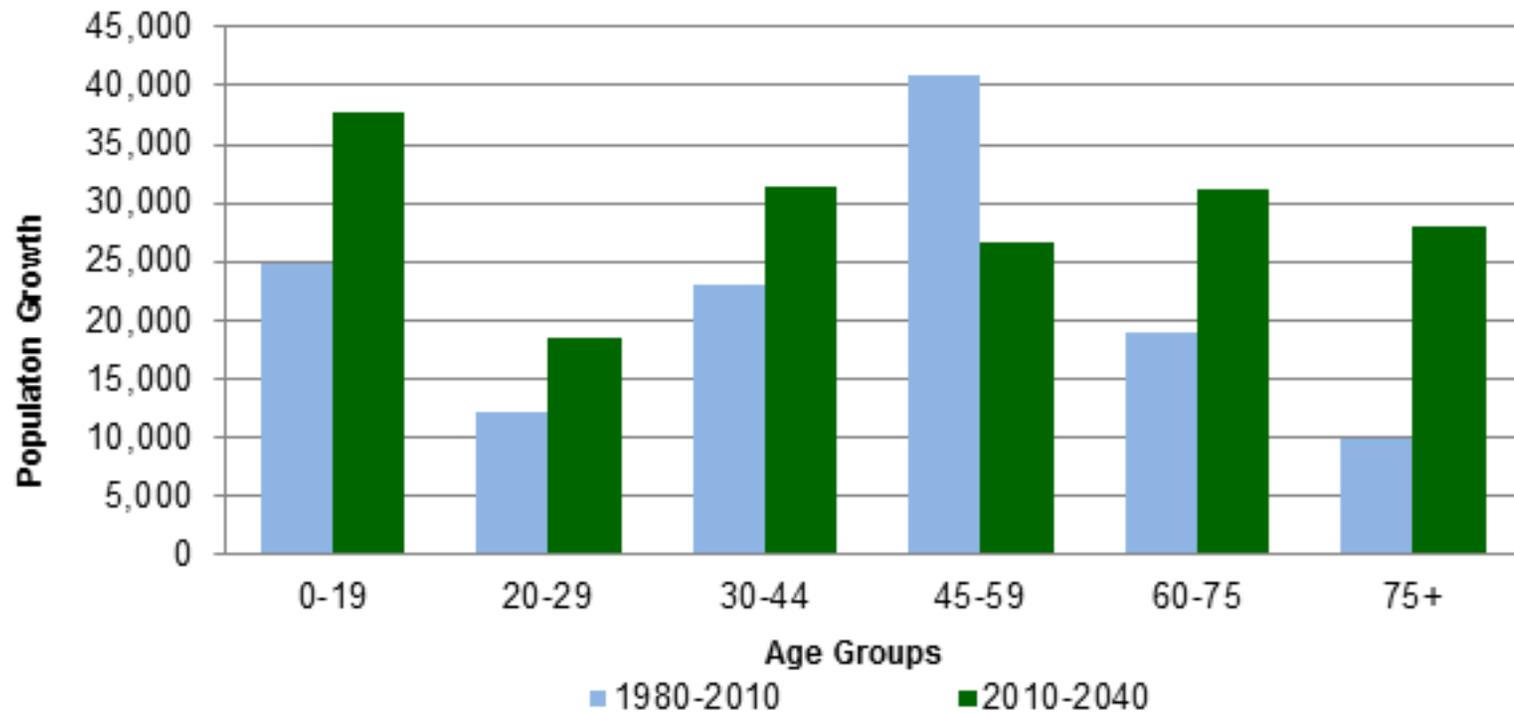


Figure 2.1: Baseline forecast for population growth in Thurston County, 2010-2040



Source: TRPC



Table 2.1: Housing Units and Affordability to Households, By Income, in Thurston County

Housing Cost Burden	Income Level			All Incomes
	Very Low	Low	Moderate	
Not Cost-Burdened	1,155	3,800	12,725	70,870
Cost-Burdened	7,875	15,375	22,540	22,540
Severely Cost-Burdened	6,885	9,980	11,770	11,770
Not Computed	640	640	640	640
All Households	9,670	19,815	35,905	94,050

Note: Cost-burdened households spend more than 30 percent of their income on housing. Severely cost-burdened households spend more than 50 percent of their income on housing.

Source: HUD CHAS Data (2005-2009)

Table 2.2: Income Levels in Thurston County

Income Group	Earns less than...	2011 Income
Very Low-Income	30% of county median	\$ 18,939
Low-Income	50% of county median	\$ 31,565
Moderate-Income	80% of county median	\$ 50,503
Median Income	-	\$ 63,129

Note: *Income levels are relative to the county median and change on a yearly basis.*

Source: *US Census: 2007-2011 ACS*



Table 2.3: Fair Share Distribution of Renter- and Owner-Occupied Housing in Thurston County

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

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

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

³ Excludes those portions in Grays Harbor County.

UGA = unincorporated growth area

Figure 3.1: Example of Small-Scale Commercial Development in a Neighborhood



People say they liked having at least a few places that serve as neighborhood meeting places, a destination for walk or bike trips and even some nearby neighborhood services. One challenge is how to incorporate these neighborhood places in suburban areas that may not have enough density to support development of even a small coffee house, bakery or store.

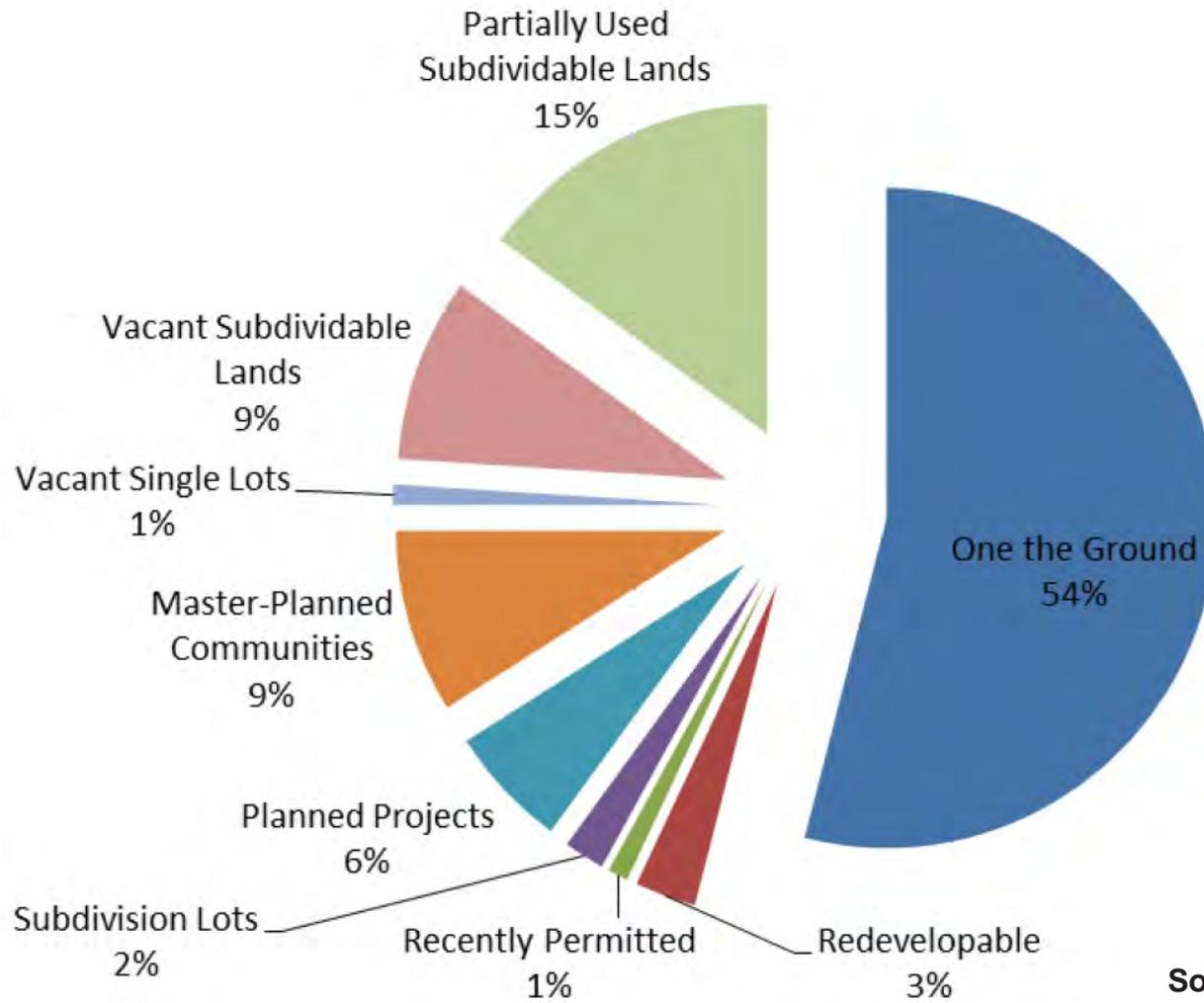


One strategy could be to identify an empty lot or a portion of a park where food carts would be allowed at certain times or days and where neighborhood children could set up an apple juice stand or sell or give away the extra apples from their trees.

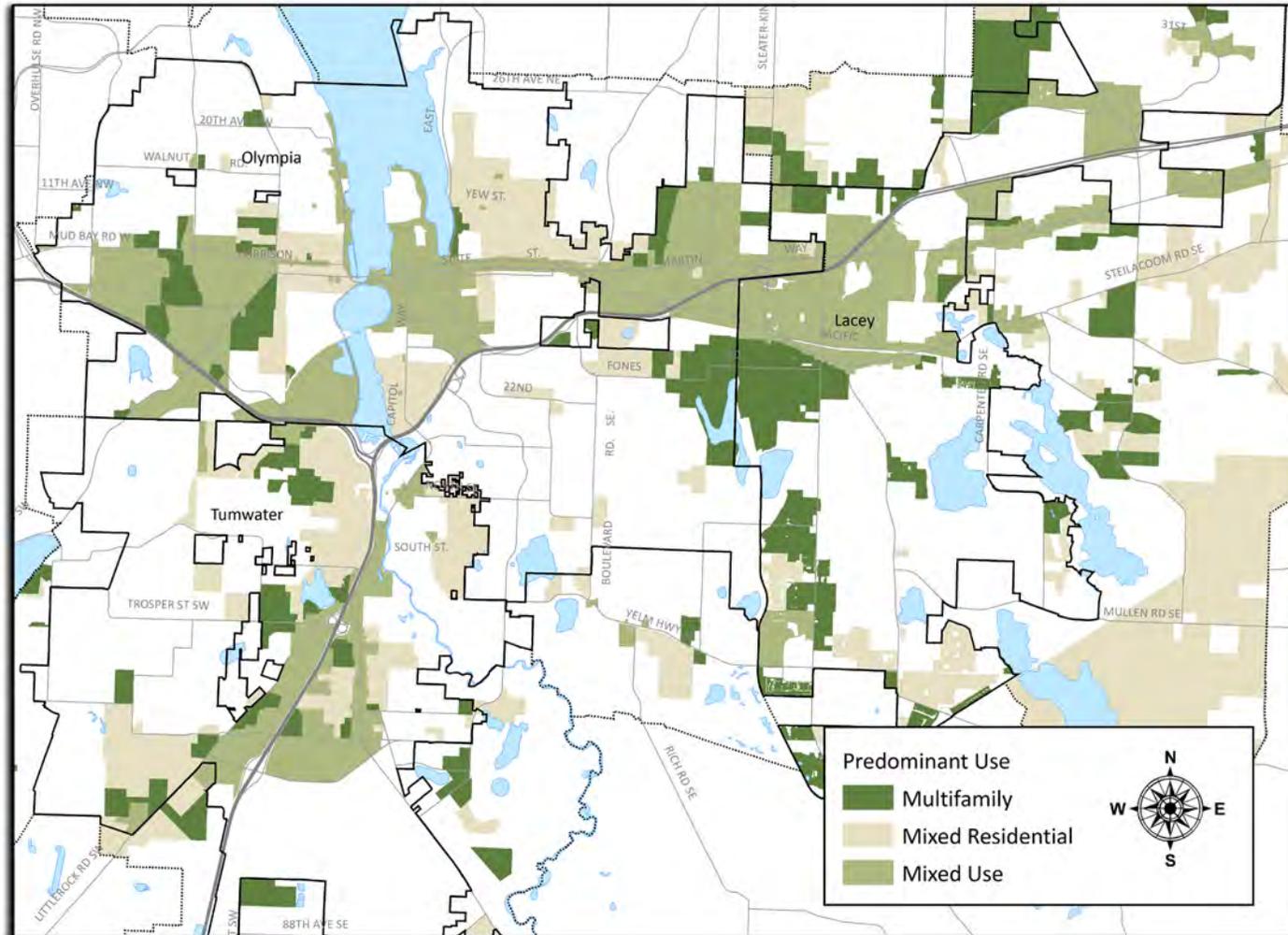
Source: TRPC



Figure 3.2: Urban Growth Areas — Residential Build-out Capacity (dwelling units)



Map 3.1: Multifamily Zoning Within Thurston County's Urban Core



Source: Fair Housing Equity Assessment (TRPC)



Table 3.2: Baseline Forecast — Accessory Dwelling & Family Member Units, Thurston County

	Family Member Units (Rural Areas only)		Accessory Dwellings (Infill Areas Only)
	Single-family	Manufactured Homes	
<i>Estimate - 2000-2011 (11yrs)</i>	50	140	24
Forecast Assumption for Baseline Projections — 5-year intervals			
2010-2015	50	70	15
2015-2020	5	40	20
2020-2025	5	25	50
2025-2030	5	15	75
2030-2035	0	10	100
2035-2040	0	10	150
Total Forecast Period	65	170	410

Source: Population Forecast Allocations for Thurston County (TRPC)



Table 3.3: 12 Priority Goals & Targets from “Creating Places — Preserving Spaces: A Sustainable Development Plan for the Thurston Region”

	Priority Goal	Target	First Action Steps
	Create vibrant centers, corridors, and neighborhoods while accommodating growth.	By 2035, 72 percent of all (new and existing) households in our cities, towns, and unincorporated growth areas will be within a half-mile (comparable to a 20-minute walk) of an urban center, corridor, or neighborhood center with access to goods and services to meet some of their daily needs.	Rethink our existing land-use zoning and regulations in the urban areas to allow for greater mix of uses and densities to support efficient provision of services. Identify priority areas, begin neighborhood-level planning to create clarity about design, mix of uses, and density, and take actions. Find resources for continuing the community conversation about land-use and zoning changes.
	Preserve environmentally sensitive lands, farmlands, forest lands, prairies, and rural lands and develop compact urban areas.	Between 2010 and 2035, no more than 5 percent of new housing will locate in the rural areas, and 95 percent will be within cities, towns, unincorporated growth areas, and tribal reservations. Rural areas are defined as outside of the cities, towns, unincorporated urban growth areas and tribal reservations.	To better understand rural land uses, create and prioritize an inventory of farmlands, forestlands, prairies, and other critical habitats that may be at risk due to development pressure. Take appropriate steps (e.g., incentives, support agricultural economy, purchase or transfer of development rights, rural zoning changes) to achieve goals.
	Create a robust economy through sustainable practices.	The Economic Development Council will develop a Sustainable Economy Index. The “Index” will identify what to measure in order to track progress toward a robust sustainable economy. A target can be developed from the index after it is monitored for several years.	Implement the Sustainable Economy actions.



	Priority Goal	Target	First Action Steps
	Protect and improve water quality, including groundwater, rivers, streams, lakes, and Puget Sound.	Protect small stream basins that are currently ranked as “Intact” or “Sensitive”. Improve and restore as many as possible “Impacted” stream basins.	To preserve the stream basins that still have the opportunity to function properly, conduct watershed-based land-use planning (i.e., basin plans). Focus on those areas that may be at risk of degradation under current plans and development regulations. Implement adopted plans.
	Plan and act toward zero waste in the region.	Reduce per capita landfill waste by 32 percent by 2035 to achieve no net increase in landfill waste compared to 2010 in Thurston County.	Maintain a rate structure that will incentivize waste prevention, as well as implement policy and support programs.
	Ensure that residents have the resources to meet their daily needs.	By 2035, less than 10 percent of total households in Thurston County will be cost-burdened; less than 5 percent will be severely cost-burdened.	To become more strategic in managing scarce social service resources, create a single governing entity to ensure a coordinated and streamlined approach to social service planning and funding in Thurston County.
	Support a local food system to increase community resilience, health, and economic prosperity.	To be determined after development of a local food systems plan.	Find resources to create a local food systems plan, and support development of a regional food policy council.
	Ensure that the region’s water supply sustains people in perpetuity while protecting the environment.	Reduce per capita water use by 33 percent by 2035 to achieve no net increase in water use in Thurston County.	Find resources to create a water systems plan that explores ways to manage water resources in the Thurston Region more holistically.



Priority Goal	Target	First Action Steps
	<p>Move toward a carbon-neutral community.</p> <p>Become a carbon-neutral community by 2050. Supporting target: Achieve a 45 percent reduction of 1990 greenhouse gas emissions by 2035.</p>	<p>Find resources to create a Thurston Region climate action plan.</p>
	<p>Maintain air quality standards.</p> <p>Continue to meet state and federal air quality standards.</p> <p>PM₁₀: 150 micrograms per cubic meter of air (µg/m³), 24-hour average [state and federal primary/secondary standards];</p> <ul style="list-style-type: none"> • PM_{2.5}: 12 µg/m³, annual average [federal primary/secondary standards]; • Ozone: 0.075 parts per million (ppm), 8-hour average [federal primary/secondary standards]. 	<p>Continue to focus on reducing vehicle miles traveled and improving operational efficiency of the transportation network (e.g., “Smart Corridors” — see Environment chapter).</p>
	<p>Provide opportunities for everyone in the Thurston Region to learn about and practice sustainability.</p> <p>Integrate education on sustainability and sustainable practices into K-12 curricula, as well as planner’s short courses, workshops, professional training, and other educational opportunities.</p>	<p>Find resources to ensure continued focus on sustainability actions, education, and coordination.</p>
	<p>Make strategic decisions and investments to advance sustainability regionally.</p> <p>Create and adopt sustainability checklists for use in all local decision making processes by 2016.</p>	<p>Develop a generic checklist for modification and use by local jurisdictions. Use the list when making decisions such as funding allocations, comprehensive plan amendments, and capital facilities investments.</p>



Exhibit 3.1: Design Criteria for Accessory Dwelling Units, Lacey Municipal Code (14.23.071)

A. Intent and specific design criteria: Accessory dwelling units are a necessary and desirable use for all residential neighborhoods. Because of the increased density they represent and providing of an additional dwelling unit in a non-conventional way, it is important to have the units blend in with and complement the primary use on lots. It is also important to ensure that both residents of the accessory dwelling unit and main unit have adequate privacy. To do this, special design features are required. Additionally, it is important to promote compatibility and complementary design of accessory structures with primary structures in an area to protect the character of the neighborhood.

B. Design Requirements: In order to assure that the development of all accessory dwelling units and those accessory structures to which this section is applicable are consistent with policies of the Comprehensive Land Use Plan, the following special design features and provisions shall apply to all accessory dwelling units.

1. Size. An accessory dwelling unit shall be limited in size to 50% of the size of the main unit and not to exceed 850 square feet in floor area, except as provided in subsection C of this section.

2. Density Calculations. For the purposes of calculating residential density, accessory dwelling units shall not count as a dwelling unit.

3. Only one ADU per lot permitted. There shall not be more than one accessory dwelling located on a lot in addition to the single family dwelling.

4. Subordinate to main use. The accessory dwelling unit shall be clearly subordinate to the primary use as demonstrated in the building design and location. Design for this purpose shall include the following considerations:

a. Integrations with main unit and appearance. If the unit is integrated into the main unit, design shall present the overall appearance of the structure as an individual single family residence. Designs which give the impression of a “duplex” shall not be permitted. A separate entrance to the accessory dwelling may be in view from public right of way, but should blend in to the primary unit in a way that does not indicate its function as an entrance to a separate unit.

b. Detached from main unit and appearance. If the accessory

dwelling is detached from the main unit, it shall be located in a position on the lot that presents a less dominant focus than the primary use. Design shall present the general impression that it is clearly an accessory building to the primary use.

c. Above the garage and appearance. If the unit is located on top of a detached garage, design shall complement the architectural style of the main residence while maintaining the primary unit as the main emphasis and focus for the lot.

5. Privacy for residents is a main focus. Maintain privacy of adjacent residences by using a combination of landscaping, screening, fencing, window and door placement to reduce the opportunity of accessory dwelling units having direct visibility into windows, porches and decks. Care shall be given to location of windows so that they do not intrude onto the private space of adjacent neighbors. If the garage and ADU are rear loaded, for enhanced security, windows are encouraged to provide eyes on the alley.

6. Driveway consolidated. The driveway to a separate, detached accessory unit shall be consolidated with the existing driveway area.

7. Distance from other structures. For those accessory units that

are detached, distance separation between the primary residence shall meet building code requirements.

8. Livability of Neighborhood. In order to ensure that an accessory dwelling unit fits into and contributes to the livability of the neighborhood, design and construction shall:

a. Roof design. Ensure that roof breaks and pitch closely relate to the primary residence. Window proportions shall complement the accessory unit;

b. Materials. Use similar exterior materials (roof, siding and trim) and a color that complements the primary residence.

c. Height of roof ridge. In general. The roof ridge of the primary residence should be higher than the accessory dwelling unit. An exception is when the accessory dwelling unit is built onto the second story of an existing unit.

9. Parking. At least one parking space should be provided for the accessory dwelling unit. This parking may be provided in a garage under the unit, a parking space adjacent to the alley, or, if available, by on-street parking. The primary dwelling unit must contain two parking spaces enclosed within a garage.



10. Pedestrian access. A pedestrian walkway from the street or alley to the primary entrance of an accessory dwelling unit shall be provided. Such walkway may be shared with a driveway.

11. Accessory structures. To promote compatibility and consistency of design and neighborhood aesthetics, all accessory structures requiring a building permit shall be required to have design review. Review shall ensure accessory structures are constructed of similar material and in a complementary design to primary structures on site on immediately adjacent lots. Provided, a different design or material may be approved if it is demonstrated that the design and material will enhance the general character and appearance of the neighborhood and promote policies of the Comprehensive Land Use Plan. All applications for construction of such accessory structures shall demonstrate that the proposed structure will be in compliance with any protective covenants or other restrictions applicable to the property.

C. Guidelines for varying from the size requirement of LMC 14.23.071(B)(1).

1. Intent. The intensity of use and impacts from an accessory dwelling unit is expected to be less than that of the primary dwelling, because it is intended to be accessory to the main unit and designed

to be limited in scope. It is not designed to expect a double loading of full size residential units on lots intended for single family development. This expectation is important in the overall planning of infrastructure and services to a subdivision. This design limitation protects the overall quality and character of the subdivision and the planned capacity of subdivision infrastructure, while still allowing for the extraordinary benefits and advantages the ADU is intended to provide. The accessory dwelling unit must necessarily be subordinate to the primary use.

To this purpose, limitations have been established for the size of the accessory dwelling units. However, there may be circumstances, applicable to the subject property and existing buildings, that require a smaller size than permitted to limit identified impacts. Alternately, the City realizes there may also be circumstances, applicable to existing structures and the subject property, that would make a larger size more practical or functional without compromising the intent or the subordinate nature of the proposed ADU.

2. Guidelines. To accommodate special circumstances the following guidelines have been developed to allow reasonable variation from size standards of LMC 14.23.071(2)(A). When reviewing an accessory dwelling unit for size requirements the following guidelines and criteria shall be applied:

a. Increasing Size.

(1) Basis for consideration. When a request is for an ADU of a size larger than the established maximum, the following situations may be valid reasons for the administrator to allow an increased size. Generally, this will involve the following situations where the proposed size of the ADU is logical given circumstances and if permitted would have no discernable impact on the appearance of the main unit or in meeting the intent of design requirements of this chapter.

(a) The ADU is located within the existing main unit, such as a basement unit, and the logical use of the floor area exceeds the square foot limitation;

(b) The ADU is located within the existing main unit and use of the area, rooms and configuration of existing space proposed for the ADU, is more logical and functional than options of trying to reduce its size simply to fit the size standard.

(c) Special circumstances considering the configuration of the property and/or existing buildings makes

the increased size logical from a building or design standpoint and more functional.

(2) Mandatory criteria for increase in size. Any request to increase the size must meet all of the following criteria.

(a) The proposed ADU can meet all other design expectation of this chapter and is subordinate to the main unit both functionally and in appearance.

(b) The proposed ADU will not have a discernable impact in the context of the neighborhood in which it is located, considering infrastructures, support services and neighborhood character.

(c) The increased size is logical from a design standpoint, given configuration of existing structures or organization of space and is the least amount of size necessary to accommodate the circumstances.

b. Decreasing Size.

(1) Compromise design expectations. Given the unique nature of the site and/or structures, the full size permitted



for the ADU will compromise other design expectations needed to make the ADU subordinate to the main structure or meet the intents of this chapter;

(2) Impacts to neighborhood character, infrastructure or services. The proposed ADU while meeting the allowed size limit will have a discernable adverse impact in the context of the neighborhood in which it is located considering infrastructure, support services or neighborhood character;

(3) Not logical given site considerations. The proposed ADU, while meeting the allowed size limit, it is not logical from a design standpoint given either configuration of existing structures, the organization of space, size of lot, or space available and the full size is not necessary to accommodate the intended and function of an ADU. (Ord. 1367 §3, 2011; Ord. 1367 §2 Repealed, 2011; Ord. 1310 §3, 2008; Ord. 1137 §1, 2000; Ord. 1124 §5, 2000; Ord. 1024 §3, 1995).

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Exhibit 4.1: Sustainable Thurston Foundational Principles and Policies from “Creating Places — Preserving Spaces: A Sustainable Development Plan for the Thurston Region”

Ten Foundational Principles

The Thurston Region will:

- Balance our needs today with those of future residents to protect and enhance quality of life.
- Champion a diverse economy and job opportunities that support community and household resilience, health, and well-being.
- Meet basic human needs of clean water and air, healthy food, adequate housing, quality education, public safety, and equal access, regardless of socio-economic status.
- Offer engagement opportunities and information encouraging choices that contribute to individual, household, and community health and well-being.
- Protect the natural environment while acknowledging the interdependence of a healthy environment and healthy economy.
- Take action to conserve resources, increase use of renewable resources and decrease dependence on non-renewable resources.
- Preserve the unique identities of existing urban, suburban, and rural communities in a way that protects what matters most and improves what can be better.
- Acknowledge interdependence of communities within — and external to — our region; impacts of our region upon the world, and impacts of the world upon our region.
- Foster open communication and transparent processes that encourage community-wide participation.
- Support local decision making, while encouraging regional and cross-jurisdictional coordination, communication and cooperation that increases our capacity to make decisions for the common good across jurisdiction boundaries.

Foundational Principles and Policies:

To support the vision, the Plan establishes 10 foundational principles and related policies, developed using input from expert panels, engaged residents, surveys, and the best information available. Together, these principles and policies articulate the region’s definition of sustainability: Enhance quality of life, foster economic vitality, and protect the environment while balancing our needs today with those of future residents



Foundational Policies:

Community

- Build and maintain distinct communities. Preserve and enhance the character and identity of existing urban, suburban, and rural communities while offering additional opportunities.
- Add cultural, social, and recreational opportunities in appropriate places and at a scale that supports community health and well-being.
- Support education, employment, and commercial opportunities that support community health and well-being.
- Respond and adapt to future social, economic, and environmental challenges.

Investment

- Maximize the use of existing infrastructure and assets. Leverage the value of these in building vital, healthy, and economically viable communities.
- Make public investments that further multiple community goals, target identified priorities, and leverage additional investment.
- Consider economies of scale and long-term maintenance cost when investing in infrastructure.
- Provide and maintain municipal services (water, sewer, solid waste, public safety, transportation, and communication networks) in a sustainable and cost-effective manner.

- Champion energy efficiency and renewable energy strategies that contribute to energy independence, economic stability, and long term household and community health.

Economy

- Create an economy that is diverse, can adapt to changing conditions, take advantage of new opportunities and that supports creativity, arts, and culture.
- Acknowledge and look for opportunities to engage with regional economic drivers such as state government, the Port of Olympia, and Joint Base Lewis-McChord.
- Build a vital economy by offering opportunities for education and entrepreneurial endeavors.
- Provide opportunities for a range of business types to succeed.
- Emphasize policies that support locally owned businesses including home-based, entrepreneurial, and non-profit business and organizations.
- Nurture urban and rural agricultural and food-oriented businesses. Protect resource lands.
- Connect economic health with personal health and well-being and the advancement of environmental health.

Opportunities and Choices

- Increase housing and transportation choices to support all



ranges of lifestyles, household incomes, abilities, and ages.

- Increase opportunities to use transit, biking, walking, ridesharing, flexible work schedules, and telework.
- Encourage development of local services for food, clothing, and other basic human needs.

Natural Environment

- Protect the soil, air, surface water, and groundwater quality through reducing dependence on chemicals and products that pollute and, when their use is necessary, minimizing releases to the environment.
- Ensure adequate clean water is available to support household and commercial needs while sustaining ecological systems through conservation, balancing of uses, and reuse.
- Protect our natural resources and habitat while providing for public access and sustainable uses and economic activity (forests, prairies, wetlands, surface and groundwater resources, and aquatic and terrestrial plants and animals).
- Reduce the effects of the built environment on the natural environment through land-use and transportation plans and actions that encourage compact development, retrofitting existing infrastructure to reduce impacts, and by reducing energy consumption and reliance on nonrenewable energy sources.
- Acknowledge that changing weather and climate patterns will

impact the human, natural, and built environments and plan for impacts such as increased flooding and sea-level rise.

Participation

- Cultivate respectful civic engagement and participation by residents, public, private, and non-profit businesses and organizations.
- Develop new ways to cultivate and support respectful civic engagement and participation.
- Think broadly and regionally.
- Partner across topic areas and jurisdictional boundaries.
- Break down institutional barriers to communication and cooperation.

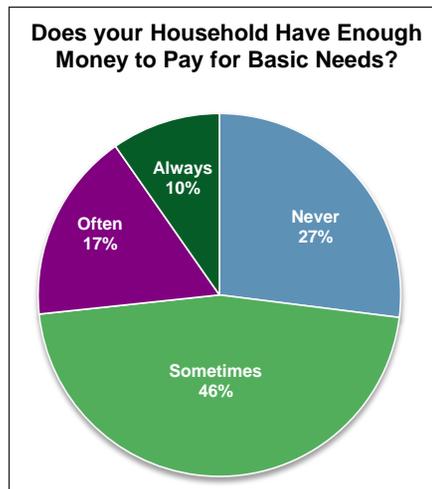
Leadership

- Translate vision to policy.
- Act on adopted local plans and policies.
- Consider the effects of decisions on achieving this vision.
- Think regionally — act locally.
- Balance individual property rights with broader community needs and goals.
- Use meaningful, easy-to-understand methods to measure progress on key objectives.
- Monitor progress and shift course when necessary.

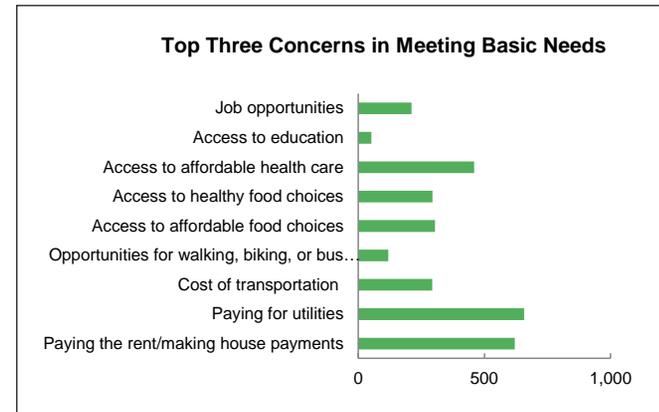


Sustainable Thurston "Basic Needs" Survey

A "Basic Needs" survey was distributed by TRPC partners including the Thurston County Housing Authority, Community Action Council, Family Support Center, and Thurston County Food Bank. Surveys were available in English and Spanish. This survey reached a demographic that traditionally does not participate in planning processes. Over 1,000 surveys were returned. A full summary of survey results is available at www.sustainablethurston.org.



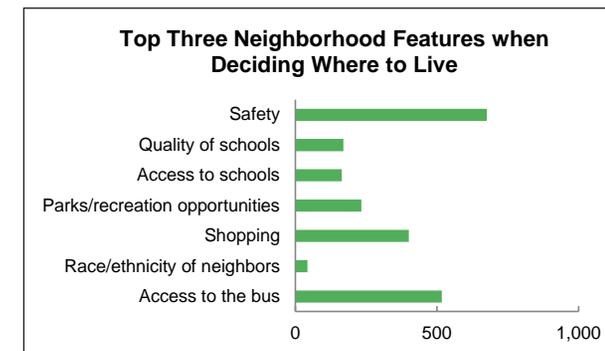
The survey was distributed through community organizations to reach households that were likely to have trouble meeting their daily needs. This allowed the Sustainable Thurston team to hear from people who do not traditionally participate in planning processes.



Asked about their top three concerns in meeting daily needs - paying for utilities, paying for housing, and access to affordable health care were at the top of the list. This emphasizes the need for focusing on energy efficiency and water conservation to lower utility bills.

Other figures — of the people that responded:

- 72 percent have an annual household income under \$15,000. Only 6 percent of households countywide fall into that income category.
- 75 percent ride the bus
- 46 percent don't own a car
- 53 percent live in homes without energy efficient features (of respondees that know if their homes have had energy efficient upgrades).
- 53 percent cannot afford to heat their home sufficiently in the winter
- 88 percent sometimes, often, or always do not have enough money to buy food
- 55 percent report that buying organic or local food is moderately to very important; but only 14 percent often or always are willing to pay more to buy organic or locally grown food.



After safety, access to the bus and shopping were important neighborhood features for deciding where to live. This underscores the need to provide a range of housing choices in areas with frequent transit service and in close proximity to shopping and services.



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