

# REGIONAL HOUSING ACTION PLAN

for the  
Cities of Lacey, Olympia, and Tumwater

January 2021 Draft

Thurston Regional Planning Council



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# Executive Summary

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

## What's in the Housing Gap?

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

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

### ***COVID-19 Pandemic and the Housing Action Plan***

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

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

## How to Create an Equitable Housing Market?

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

## Taking Action Locally

The Cities of Lacey, Olympia, and Tumwater are each actively implementing actions that remove barriers and encourage appropriate housing development. Of the actions considered in developing this plan, each of the three cities have already implemented 12 actions, including making strategic investments in infrastructure, reducing setback requirements, relaxing ground floor retail requirements, and simplifying requirements for accessory dwelling units.

In addition to the work each of the cities has already accomplished, this plan identifies a menu of 52 more actions the cities of Lacey, Olympia, and Tumwater can take to address housing gaps, needs, and equity:

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

Some of the 52 actions have already been implemented by one or two of the cities. Other actions are in the process of development/implementation, and some have not been implemented by any of the cities. Not every action in this plan will be implemented by each city. This menu of options is intended to provide the cities flexibility as they investigate their communities' specific housing needs and play a part in meeting the needs of the greater Lacey/Olympia/Tumwater urban area.

## Setting a Legislative Agenda

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

# Chapter 1.

## Introduction

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

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

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

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

This report – the regional Housing Action Plan – is intended to identify a menu of actions for the Cities of Lacey, Olympia, and Tumwater to implement. Such actions should encourage development of a housing

stock adequate and affordable for current and future residents of all income levels. This information will be used by the cities to develop individual action plans and update housing elements of their respective comprehensive plans and joint plans covering the urban growth areas (in collaboration with Thurston County).

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

### Sources of Actions

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

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

### Addressing Housing Gaps and Needs

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



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



**Supply.** Increase the inventory of housing for all households.



**Variety.** Increase the variety of housing sizes and types





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



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



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



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

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

### Equity in Housing Affordability

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

Table 1-1. Metrics for equity in housing

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

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

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

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

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

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

### How is Equity Addressed in the Plan?

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

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

### Defining Terms Used

The following terms are used in this plan.

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

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

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

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

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

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

## Assumptions

Four primary assumptions guided development of this plan:

**Menu of options.** This plan is intended as a menu of options for the Cities of Lacey, Olympia, and Tumwater to consider implementing. Not all actions will be utilized by each jurisdiction, and some actions may have already been implemented by one or more of the cities. Actions that can only be taken by other entities are not included in this plan.

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

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

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

**Addressing household income.** This plan does not address the income side of the housing equation. Attracting living wage jobs, increasing the minimum wage, and other actions impacting a household's income could help make housing more affordable. Local economic development plans and the Thurston Economic Development Council guide the region's response to economic development, which has a

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

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# Chapter 2.

## Actions Already Implemented

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

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

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

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

# Chapter 3.

## Actions

This chapter identifies six strategies for addressing housing needs in the Cities of Lacey, Olympia, and Tumwater:

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

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



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



**Supply.** Increase the inventory of housing for all households.



**Variety.** Increase the variety of housing sizes and types



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



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



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



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

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

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



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



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

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

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



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

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

### Why is this strategy important?

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

### How do these actions reduce housing costs?

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

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

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

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

Source: Thurston Regional Planning Council

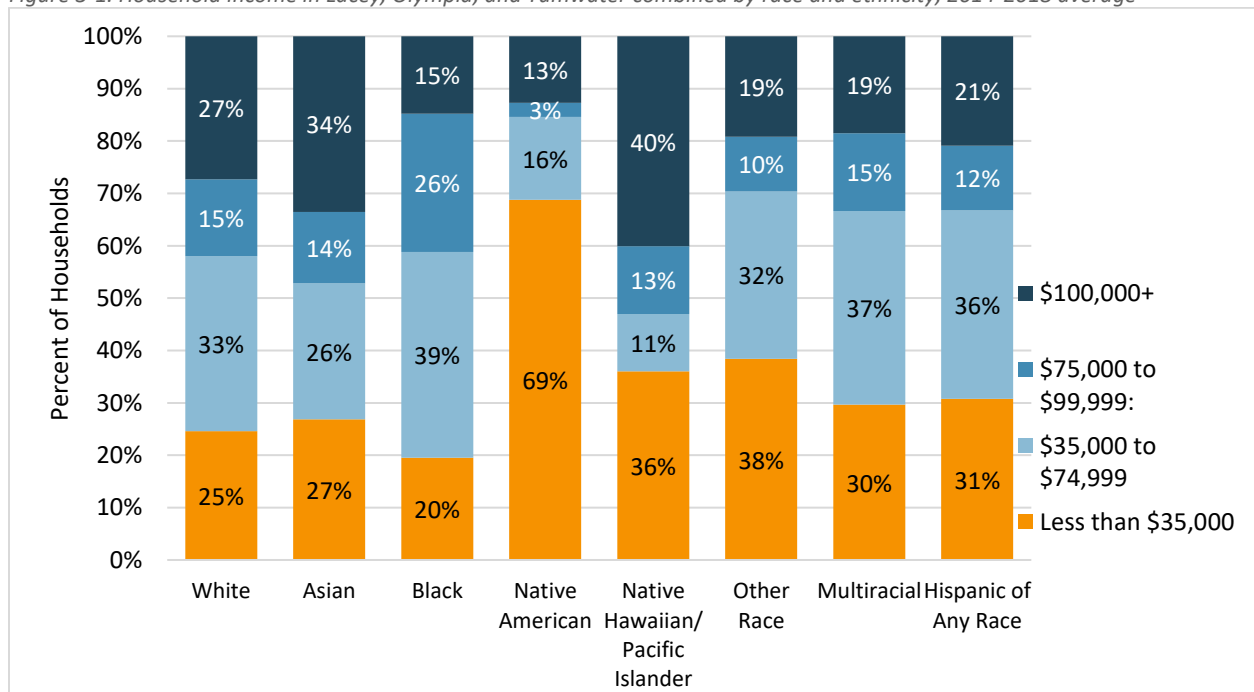
Reducing the cost of renting and owning a home are both part of the solution. For households looking toward homeownership, the up-front costs associated with purchasing a home can put this option out of reach. Low-income households, however, can benefit from the stabilization in housing costs owning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

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

**How do these actions address equity?**

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























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


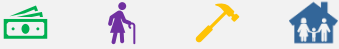






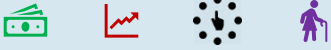














Note: In the figure above, householders who are Latino or Hispanic are only represented in “Hispanic of Any Race.”
























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










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



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










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

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

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

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

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

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

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

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

**Why is this important?**

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

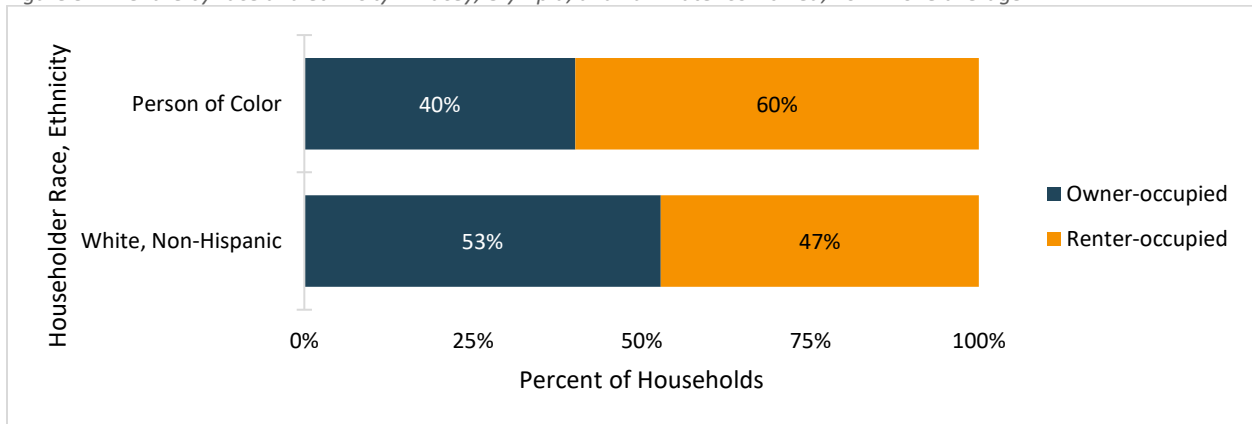
**How do these actions reduce housing costs?**

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

**How do these actions address equity?**

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


























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










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





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

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

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



Actions that make it easier for households to access housing and stay housed.	Implementation Status		
	Lacey	Olympia	Tumwater
2.f. Establish a down payment assistance program. <i>Gaps/Needs Addressed:</i>  			
2.g. Identify and implement appropriate tenant protections that improve household stability. <i>Gaps/Needs Addressed:</i>   			

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

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

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

**Why is this important?**

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

**How do these actions reduce housing costs?**

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

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










**How do these actions address equity?**


























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










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









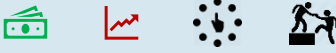
Table 3-4. Actions that expand the overall housing supply by making it easier to build all types of housing projects.



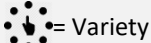



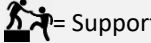

Actions that expand the overall housing supply by making it easier to build all types of housing projects.		Implementation Status		
		Lacey	Olympia	Tumwater
3.a	Offer developers density and/or height incentives for desired unit types. <i>Gaps/Needs Addressed:</i> 	✓	✓	⌚
3.b	Allow third-party review of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

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

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

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

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

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

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## Strategy 4: Increase the variety of housing choices.

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

### **Why is this important?**

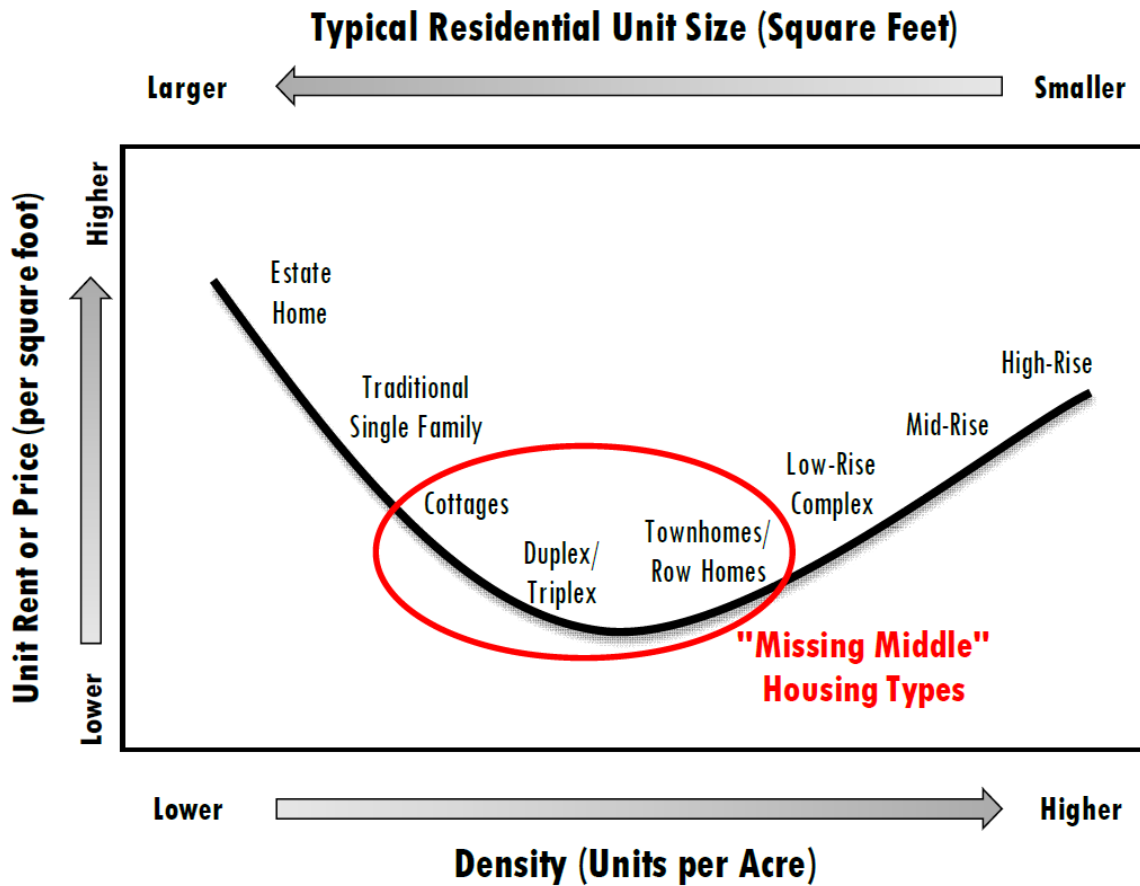
Household sizes in Thurston County have gotten smaller – reaching an average of 2.5 people per household today. There are more single-parent families and householders living alone. As household formation and composition have changed over time, so have housing needs. Increasing the variety of housing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

### **How do these actions reduce housing costs?**

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

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

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



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

**How do these actions address equity?**

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

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

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

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



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

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

### **Why is this important?**

While the Cities of Lacey, Olympia, and Tumwater do not build or manage low-income housing, the policies they enact can affect how much housing can be built and at what cost.

### **How do these actions reduce housing costs?**

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

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

### **How do these actions address equity?**

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




























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

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

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

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

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

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

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

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

### Why is this important?

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

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

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

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

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

Source: Thurston Regional Planning Council.

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

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

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

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

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

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

Source: Housing Authority of Thurston County.

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

### How do these actions reduce housing costs?

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

areas of greatest need. With more funding, housing units become more affordable for households when costs for developing and maintaining units are reduced.

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

**How do these actions address equity?**



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

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

Actions that establish a permanent source of funding for low-income housing	Implementation Status		
	Lacey	Olympia	Tumwater
<p>6.a. Develop a comprehensive funding strategy for affordable housing that addresses both sources of funding and how the funds should be spent.</p> <p><i>Gaps/Needs Addressed:</i></p>			
<p>6.b. Establish an affordable housing property tax levy to finance affordable housing for very low-income households.</p> <p><i>Gaps/Needs Addressed:</i></p>			
<p>6.c. Establish an affordable housing sales tax.</p> <p><i>Gaps/Needs Addressed:</i></p>		✓	
<p>6.d. Establish a regional housing trust fund to provide dedicated funding for low-income housing.</p> <p><i>Gaps/Needs Addressed:</i></p>			

Key			
= Affordability	= Supply	= Variety	= Seniors
= Improvements	= Stability	= Supportive Housing	Action Pending
			Action Implemented

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

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

# Chapter 4.

## Legislative Needs

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

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

### State Legislative Agenda

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

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

### **Federal Legislative Agenda**

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



# Appendix A.

## Action Details

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

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

---

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

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

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

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

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

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

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

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

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

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

## Resources

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

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

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

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

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

See also Action 2.b.

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

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

See also Actions 1.n and 2.c.

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

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

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

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

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

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

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

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

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

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

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

See also Action 3.k.

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

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

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

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

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

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

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

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

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

See also Actions 1.g and 2.c.

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

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

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

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

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

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

### 2.a. Provide displaced tenants with relocation assistance.

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

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

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

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

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

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

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

See also Actions 1.g and 1.n.

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

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

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

2.f. Establish a down payment assistance program.

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.g. Increase minimum residential densities.

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

3.h. Reduce minimum lot sizes.

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

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

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

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

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

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

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

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

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

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

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

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

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

See also Action 1.k.

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

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

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

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

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

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

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

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

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

### **Infill Exemptions**

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

To qualify for the infill exemption:

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

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

### **Planned Actions**

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

For more information, see:

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

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

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

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

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

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

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

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

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## Strategy 4: Increase the variety of housing choices.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Source: Thurston County Assessor.

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

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

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

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

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

Source: Thurston County Assessor.

### Property Tax Levies

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

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

### 6.c. Establish an affordable housing sales tax.

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

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

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

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

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

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

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

Note: Taxable retail sales are rounded.

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

### Affordable Housing Sales Tax

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

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

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

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

# Appendix B.

## Considered Actions

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

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

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

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



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

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

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

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

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

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

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

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