



MEMBERS:

- City of Lacey
- City of Olympia
- City of Rainier
- City of Tenino
- City of Tumwater
- City of Yelm
- Confederated Tribes of the Chehalis Reservation
- Nisqually Indian Tribe
- Town of Bucoda
- Thurston County
- North Thurston Public Schools
- Olympia School District
- Tumwater School District
- Intercity Transit
- LOTT Clean Water Alliance
- Port of Olympia
- PUD No. 1 of Thurston County

ASSOCIATE MEMBERS:

- Lacey Fire District #3
- Puget Sound Regional Council
- The Evergreen State College
- Thurston Conservation District
- Thurston Economic Development Council
- Timberland Regional Library



Marc Daily
Executive Director

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MEMORANDUM

TO: Thurston Regional Planning Council

FROM: Michael Ambrogi, Senior Planner
Allison Osterberg, Planning Manager

DATE: November 29, 2024

SUBJECT: Growth Management Act (GMA) Housing Need Allocations

PURPOSE

Staff will review the revised Growth Management Act (GMA) Housing Need Allocations and ask Council to take action.

Summary

- Thurston Regional Planning Council (TRPC) is working with jurisdiction staff to implement new requirements enacted by the state legislature in 2021 for jurisdictions to “plan for and accommodate” housing affordable to a range of incomes (HB 1220).
- Council accepted housing need allocations at its March 2024 meeting as a provisional step for the purposes of completing a land capacity analysis as required by HB 1220.
- TRPC completed a land capacity analysis in September (Attachment B) for the project partners (Thurston County and the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm). The analysis found that:
 - There is sufficient capacity to accommodate the low-income housing provisionally allocated to Lacey, Olympia, and Tumwater.
 - There is insufficient capacity in the rural unincorporated County, and the Yelm, Tenino, and Grand Mound urban areas to accommodate the low-income housing provisionally allocated to that area.
- The project partners are recommending that Council revise the housing need allocations accepted in March to incorporate the new analysis (Attachment A). Staff briefed Council on the revised allocations at TRPC’s November meeting.

REQUESTED ACTION

Adopt the Thurston County Housing Need Allocations shown in the recommendation letter (Attachment A).

ma:bl

ATTACHMENTS

- A. Recommendation Letter
- B. Technical Memo

MEMORANDUM
November 29, 2024

EQUITY CONSIDERATIONS

People of color in Thurston County are more likely to experience homelessness and be housing cost burdened (spend more than 30% of their income on housing costs). HB 1220 requires jurisdictions to “plan for and accommodate” housing affordable to households of all incomes — including extremely low-, very low-, and low-income households.

OVERVIEW

In 2021, the Washington State Legislature passed HB 1220, which requires cities, towns, and counties to “plan for and accommodate” future housing affordable to a range of incomes and to document the projected housing need each jurisdiction is planning for in its comprehensive plan. The state Department of Commerce (Commerce) identified the countywide housing need by income range and recommended cities, towns, and counties work collaboratively to allocate the countywide housing need to individual jurisdictions.

In 2023, Thurston County and the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm (the “project partners”) contracted with Thurston Regional Planning Council to:

- Convene a workgroup consisting of planning directors and staff from the project partners. Staff from the City of Rainier and Town of Bucoda were also invited to participate.
- Review options for allocating the housing needs among jurisdictions.
- Facilitate a process among workgroup members to reach consensus on a preferred allocation method that meets the values of the project partners.
- Conduct a land capacity analysis to identify jurisdictions with insufficient capacity to accommodate the low-income housing need allocated to them.

In March 2024, TRPC accepted a housing need allocation recommended by the project partners as a provisional step for the purposes of completing a land capacity analysis. Over the summer, TRPC worked with the project partners to complete a land capacity analysis using the methodology recommended by Commerce (Attachment B). The land capacity analysis found that:

- There is sufficient capacity to accommodate the low-income housing provisionally allocated to Lacey, Olympia, and Tumwater. For these jurisdictions, zoning is not a barrier to building low-income housing.
- There is insufficient capacity in the rural unincorporated County to accommodate the low-income housing provisionally allocated to that area. Per Commerce guidance, the low-density residential zoning in rural areas — predominantly large lots — cannot accommodate the housing types and utilities required for low-income housing, permanent supportive housing, and emergency housing. The project partners are recommending Council revise the housing need allocations to address this deficit (Attachment A).
- There is insufficient capacity to accommodate the low-income housing provisionally allocated to the Yelm, Tenino, and Grand Mound urban areas. The project Partners are recommending these jurisdictions identify strategies to increase capacity in these areas in their Comprehensive Plan updates.

MEMORANDUM
November 29, 2024

- The city of Rainier and town of Bucoda did not participate in the project; data are not available for those jurisdictions at this time.

Table 1 provides a summary of the land capacity analysis findings using the revised housing need allocations recommended by the project partners.

Table 1: Summary of Land Capacity Analysis Findings

	Lacey and UGA	Olympia and UGA	Tenino and UGA	Tumwater and UGA	Yelm and UGA	Rainier UGA	Grand Mound UGA	Rural
Aggregate Housing Need (Revised Project Partner Recommendation)								
0-80% AMI	9,915	7,616	98	5,694	5,170	0	223	0
80-120% AMI	1,261	3,623	316	1,937	1,316	0	68	0
Capacity								
0-80% AMI	10,091	12,282	58	5,729	3,025	0	0	280
80-120% AMI	8,256	5,404	376	3,692	5,860	0	406	0
Surplus / Deficit								
0-80% AMI	176	4,666	-41	35	-2,145	0	-223	280
80-120% AMI	6,995	1,781	60	1,755	4,545	0	338	0

Note: Table based on the revised housing need allocations recommended by the project partners. Negative (red) numbers indicate there is insufficient capacity to accommodate the housing allocation.

NEXT STEPS

The project partners are asking Council to adopt revised housing need allocations for jurisdictions (Attachment A) at its December meeting.

As part of their Comprehensive Plan Housing Element updates due in 2025, jurisdictions will need to:

- Document the low-income housing need allocated to each jurisdiction.
- Identify strategies to increase capacity where deficits were found in the land capacity analysis (Tenino, Yelm, and Grand Mound).
- Include policies and strategies to meet the low-income housing need allocated to each jurisdiction.



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- Thurston Conservation District
- Thurston Economic Development Council
- Timberland Regional Library

MEMORANDUM

TO: Thurston Regional Planning Council

FROM: Allison Osterberg, Planning Manager

DATE: October 25, 2024

SUBJECT: Updated Recommendation on Housing Need Allocations to Support Comprehensive Plan Updates

In 2021, the Washington State Legislature passed HB 1220 which requires cities, towns, and counties to “plan for and accommodate” future housing affordable to a range of incomes and to document the projected housing need each jurisdiction is responsible for planning for in its comprehensive plan. As laid out in that legislation, the Washington State Department of Commerce identified the countywide housing need by income range and recommended cities, towns, and counties work collaboratively to allocate the countywide housing need to individual jurisdictions.

To meet these requirements, Thurston County and the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm contracted with Thurston Regional Planning Council (TRPC) to facilitate a process to reach regional agreement on a housing need allocation method and provide the necessary data analysis to meet the state’s requirements. The City of Rainier and Town of Bucoda were also invited to participate.

The project was completed in two phases. In Phase 1, a workgroup made up of staff from each of the partner jurisdictions reviewed options for allocating the countywide housing need to jurisdictions and developed a provisional housing allocation recommendation that was accepted by TRPC in January 2024. In Phase 2, TRPC completed a land capacity analysis that identified constraints to accommodating those allocations. The analysis is documented in a technical report developed by TRPC: “Planning for and Accommodating Housing Needs in Thurston County.”

The workgroup reached consensus on both a revised housing need allocation method and next steps for adopting allocations for use in Comprehensive Plan periodic updates due in 2025.



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The workgroup recommends that:

1. Thurston County jurisdictions use the updated allocation method documented in the report “Planning for and Accommodating Housing Needs in Thurston County” and the 2045 housing allocations by income generated by that method (Table 1) to meet requirements for Comprehensive Plan updates due in 2025, including the number of housing units necessary for moderate, low, very low, and extremely low-income households, and emergency housing, emergency shelters, and permanent supportive housing.
2. TRPC adopts these allocations, as the agency charged in the County-Wide Planning Policies to develop countywide and smaller area population projections.
3. The Urban Growth Management Subcommittee review the County Wide Planning Policies and recommend updates to the Board of County Commissioners that incorporate changes to state law that require planning for affordable housing and document the process for approving housing allocations for use in future years. This review should be initiated after the current round of periodic Comprehensive Plan updates is completed in 2025.

Table 1: Thurston County Housing Allocations by Income, 2020-2045

		Housing Units								Beds
		Total	Income Level (Percent of Area Median Income)							Emergency Housing
			0-30%		30-50%	50-80%	80-100%	100-120%	Remainder	
			PSH*	Non-PSH*						
Bucoda	Town	134	6	12	0	8	67	20	21	3
Lacey	City	5,154	424	1,086	1,199	515	0	540	1,390	103
	UGA	8,970	684	1,698	1,468	2,841	0	721	1,558	179
	Total	14,124	1,108	2,784	2,667	3,357	0	1,261	2,948	282
Olympia	City	12,644	942	2,339	2,877	590	2,093	1,144	2,660	253
	UGA	1,651	156	278	435	0	235	152	395	33
	Total	14,295	1,098	2,617	3,312	590	2,328	1,296	3,055	286
Rainier	City	571	43	107	0	161	44	103	114	11
	UGA	23	0	0	0	0	0	0	23	0
	Total	594	43	107	0	161	44	103	137	12
Tenino	City	519	33	65	0	0	220	96	105	10
	UGA	9	0	0	0	0	0	0	9	0
	Total	528	33	65	0	0	220	96	114	11
Tumwater	City	6,676	554	1,320	1,002	1,129	806	627	1,238	133
	UGA	2,516	170	415	307	797	333	171	323	50
	Total	9,192	723	1,736	1,309	1,926	1,140	798	1,561	184
Yelm	City	7,504	557	1,373	1,090	2,085	518	757	1,125	150
	UGA	144	10	25	30	0	0	41	38	3
	Total	7,648	567	1,398	1,120	2,085	518	798	1,163	153
Grand Mound	UGA	310	16	40	23	143	57	11	19	6
Rural Unincorporated		7,531	0	0	0	0	0	0	7,531	0
Thurston County		54,356	3,594	8,758	8,431	8,270	4,373	4,381	16,549	936

Notes:

- Analysis based on jurisdiction boundaries as of September 1, 2023.
- Numbers may not add to totals due to rounding.
- "PSH" refers to permanent supportive housing.



Planning for and Accommodating Housing Needs in Thurston County

Implementing the Housing Affordability Requirements of HB 1220
September 2024

For more information contact:

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Title VI Notice

Thurston Regional Planning Council (TRPC) hereby gives public notice that it is the agency's policy to assure full compliance with Title VI of the Civil Rights Act of 1964, the Civil Rights Restoration Act of 1987, and related statutes and regulations in all programs and activities. Title VI requires that no person shall, on the grounds of race, color, sex, or national origin, be excluded from the participation in, be denied the benefits of, or be otherwise subjected to discrimination under any Federal Highway Aid (FHWA) program or other activity for which TRPC receives federal financial assistance. Any person who believes they have been aggrieved by an unlawful discriminatory practice under Title VI has a right to file a formal complaint with TRPC. Any such complaint must be in writing and filed with the TRPC's Title VI Coordinator within one hundred and eighty (180) days following the date of the alleged discriminatory occurrence.

Americans with Disabilities Act (ADA) Information

Materials can be provided in alternate formats by contacting the Thurston Regional Planning Council at 360.956.7575 or email info@trpc.org.

THURSTON REGIONAL PLANNING COUNCIL is a 23-member intergovernmental board made up of local governmental jurisdictions within Thurston County, plus the Confederated Tribes of the Chehalis Reservation and the Nisqually Indian Tribe. The Council was established in 1967 under RCW 36.70.060, which authorized creation of regional planning councils.

TRPC’s mission is to “Provide visionary, collaborative leadership on regional plans, policies, and issues for the benefit of all Thurston region residents.” To support this mission, we:

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

2024 Membership

Government Jurisdiction	Name of Representative
Town of Bucoda	Miriam Gordon
City of Lacey	Robin Vazquez, Chair
City of Olympia	Dani Madrone
City of Rainier	Dennis McVey
City of Tenino	John O'Callahan, Secretary
City of Tumwater	Eileen Swarthout
City of Yelm	Joe DePinto
Thurston County	Carolina Mejia
Intercity Transit	Debbie Sullivan
LOTT Clean Water Alliance	Carolyn Cox
Port of Olympia	Amy Evans Harding, Vice Chair
PUD No. 1 of Thurston County	Chris Stearns
Olympia School District	Hilary Seidel
North Thurston Public Schools	Esperanza Badillo-Diiorio
Tumwater School District	Mel Murray
Confederated Tribes of the Chehalis Reservation	Amy Loudermilk
Nisqually Indian Tribe	David Iyall

Associate Members

Thurston County Economic Development Council	Michael Cade
Lacey Fire District #3	Liberty Hetzler
Puget Sound Regional Council	Josh Brown
Timberland Regional Library	Cheryl Heywood
The Evergreen State College	William Ward
Thurston Conservation District	David Iyall

Executive Director

Marc Daily

Project Partners

City of Lacey	Vanessa Dolbee, Community and Economic Development Director Ryan Andrews, Planning Manager
City of Olympia	Leonard Bauer, Community Planning and Development Director Tim Smith, Interim Community Planning and Development Director Casey Schaufler, Associate Planner
City of Tenino	Cristina Haworth, SCJ Alliance Dan Penrose, SCJ Alliance
City of Tumwater	Brad Medrud, Long Range Planning Manager Mike Matlock, Community Development Director
City of Yelm	Gary Cooper, Planning and Building Manager
Thurston County	Ashley Arai, Interim Community Planning and Economic Development Director

Thurston Regional Planning Council Staff

Allison Osterberg, Planning Manager
Michael Ambrogi, Senior Planner

This project was funded by an interlocal agreement between TRPC and the project partner jurisdictions.

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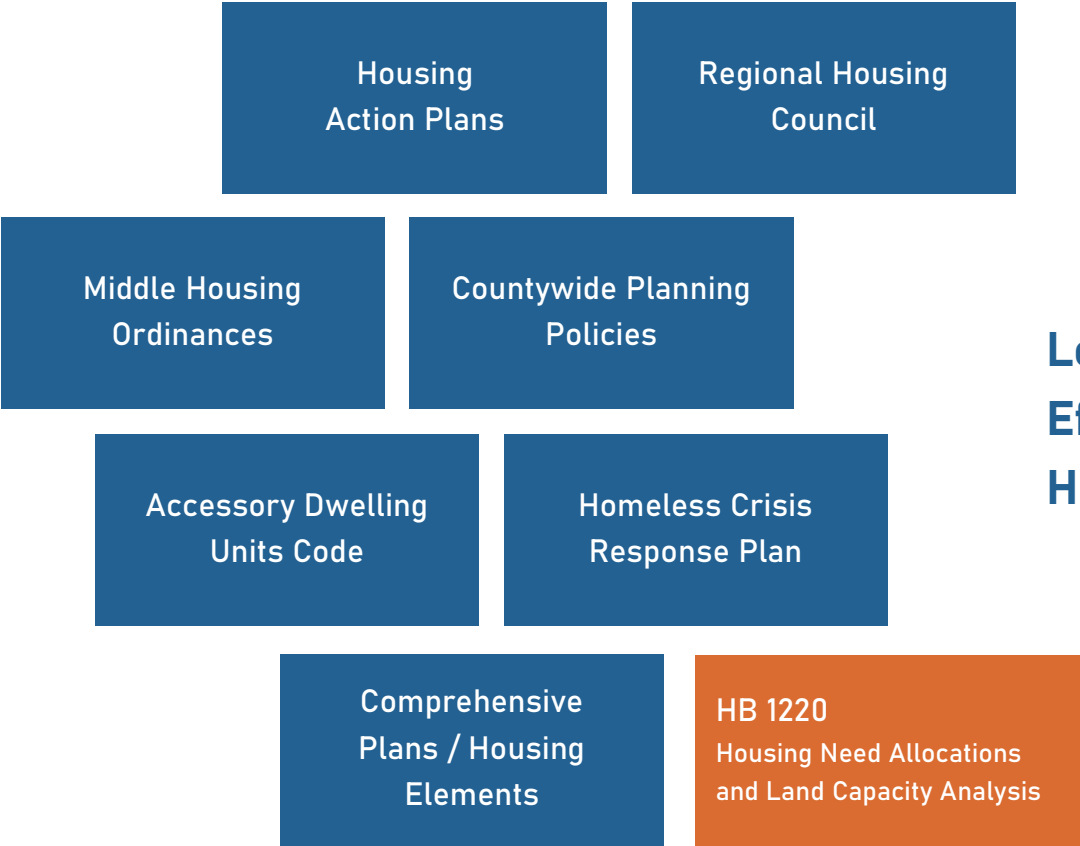
EXECUTIVE SUMMARY

New GMA Requirements

House Bill 1220 — passed by the state legislature in 2021— added new requirements to the Growth Management Act for jurisdictions to “**plan for and accommodate housing affordable to all economic segments of the population of this state.**” Thurston County and the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm contracted with Thurston Regional Planning Council (TRPC) to facilitate a process and provide data analysis support to implement this law.

The Thurston region has a long history of planning for affordable housing and much has been done at both the local and regional level. HB 1220 addresses just a small piece of the affordable housing problem — whether land, and how it is zoned, is a barrier to new affordable housing.

HB 1220 requires jurisdictions to ensure zoning is not a barrier to affordable housing. On its own, the law will not lead to more affordable housing.

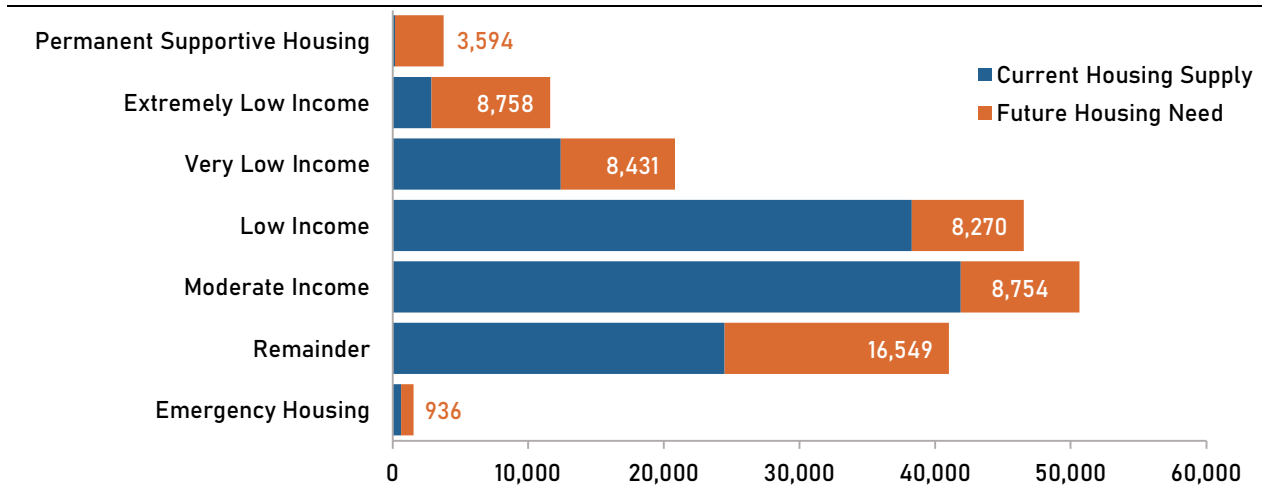


Local and Regional Efforts to Address Housing Affordability

A Growing Need for Affordable Housing

Data from TRPC and the state Dept. of Commerce identify a need for 54,356 new housing units to accommodate our region’s growing population. To address the current housing affordability crisis — and to ensure future residents can afford housing — **29,053 additional units will need to be affordable to low-income households**. An additional 936 emergency housing units and beds are needed for the population experiencing homelessness.

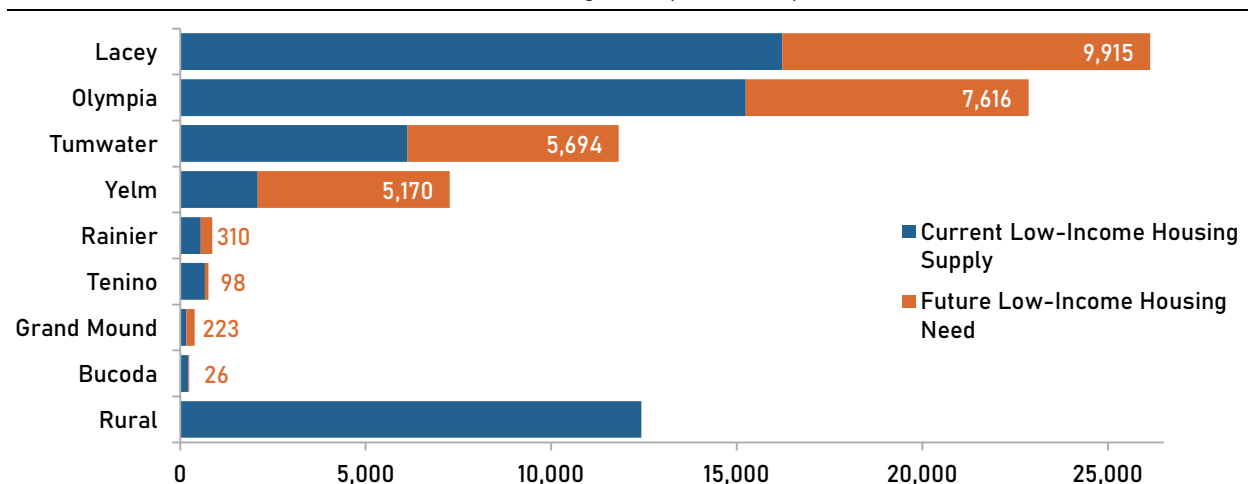
Figure 1
Countywide Housing Need by Income



Where Should Affordable Housing Go?

HB 1220 gives jurisdictions discretion to decide how much low-income housing each jurisdiction should plan for, as long as the countywide need is addressed. The project partners recommended TRPC accept an allocation that met the three values they identified: **fair, clear, and cooperative**.

Figure 2
Low-Income Housing Need (0-80% AMI) Allocated to Each Jurisdiction and its UGA

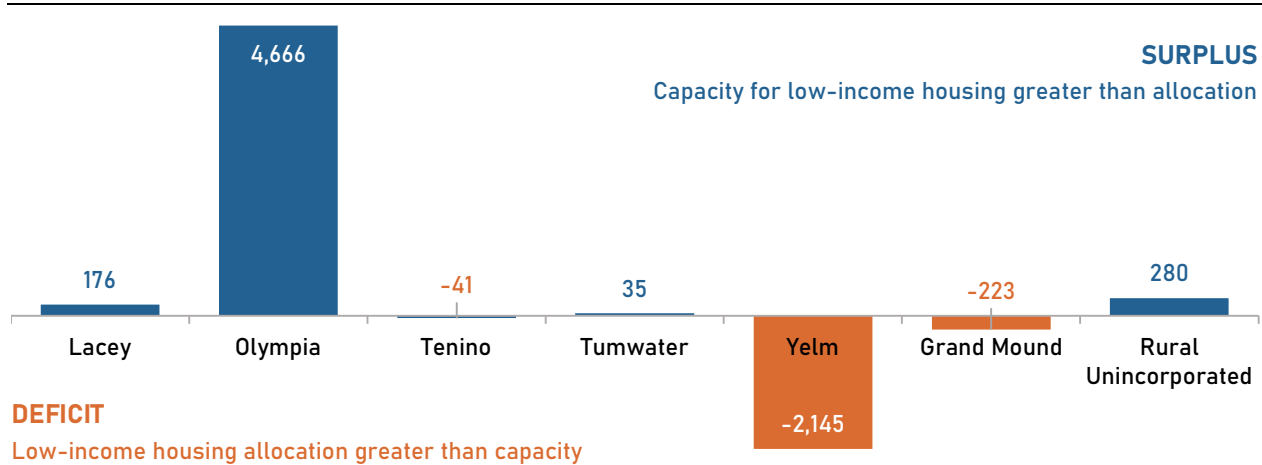


Thurston County's urban areas generally allow a wide range of housing types that can accommodate affordable housing, including accessory dwellings, duplexes, triplexes, manufactured homes, and apartments.

Is Land the Barrier?

The project included a land capacity analysis that compared the low-income housing need allocated to each jurisdiction to the amount of buildable land in zones that can accommodate low-income housing types. **For most jurisdictions, land — and how it is zoned — is not the barrier to accommodating low-income housing.** Deficits were only found in three jurisdictions: Tenino, Yelm, and the Grand Mound UGA.

Figure 3
Low-Income Housing Need Compared to Capacity for Jurisdictions and Their UGAS



Findings and Next Steps

The land capacity analysis found that:

- The Lacey, Olympia, and Tumwater urban areas, and the rural unincorporated County have sufficient capacity to accommodate future low-income housing needs, as allocated regionally.
- The Tenino, Yelm, and Grand Mound urban areas have deficits in capacity to accommodate future low-income housing need, as allocated regionally. These jurisdictions will need to include strategies in their comprehensive plan update that will eliminate these deficits.

While HB 1220 requires jurisdictions to ensure zoning is not a barrier to affordable housing, on its own, the law will not lead to more affordable housing. All jurisdictions will need to identify policies, programs, and funding gaps to achieve the region's affordable housing goals in the housing elements of their comprehensive plans. Jurisdictions will also need to implement the other requirements of HB 1220 not discussed in this report, including addressing policies with racially disparate impacts and establishing anti-displacement policies.

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INTRODUCTION

In 2021, the Washington State Legislature passed HB 1220 which requires cities, towns, and counties to “plan for and accommodate” future housing affordable to a range of incomes and to document the projected housing need each jurisdiction is planning for in the housing element of its comprehensive plan. Specifically, jurisdictions must estimate the number of housing units needed for moderate, low, very low, and extremely low-income households; and emergency housing, emergency shelters, and permanent supportive housing (Table 1). Jurisdictions must also show that there is sufficient land available to accommodate the housing need identified.

The state Dept. of Commerce (Commerce) provided guidance for jurisdictions to implement HB 1220¹. The guidance recommends that jurisdictions work collaboratively to implement the law. In that spirit, Thurston County and the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm (the “project partners”) contracted with Thurston Regional Planning Council (TRPC) to facilitate a process among the project partners and provide the necessary data analysis. The city of Rainier and town of Bucoda were also invited to participate.

The project was completed in two phases. In Phase 1, the project partners reviewed options for allocating the countywide housing need to jurisdictions. In Phase 2, TRPC completed a land capacity analysis identifying any zoning constraints to accommodating those allocations.

HB 1220 also established requirements for jurisdictions to identify local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing and identify and implement policies and regulations to undo them; and identify areas at higher risk of displacement and establish anti-displacement policies. These requirements are being addressed by the jurisdictions in a separate process and are not included in this report.

Table 1: Housing Types Called out in HB 1220, and Thurston County Income Thresholds

Housing Type	Percent of Thurston Area Median Income*	Equivalent 2023 Household Income*
Extremely Low Income	Less than 30%	Less than \$30,750
Very Low Income	30 to 50%	\$30,750 to \$51,250
Low Income	50 to 80%	\$51,250 to \$82,000
Moderate Income	80 to 120%	\$82,000 to \$102,500
Permanent supportive housing	Subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors.	
Emergency housing	Temporary indoor accommodations for individuals or families who are homeless or at imminent risk of becoming homeless that is intended to address the basic health, food, clothing, and personal hygiene needs of individuals or families. Emergency housing may or may not require occupants to enter into a lease or an occupancy agreement.	
Emergency shelter	Facilities that provide a temporary shelter for individuals or families who are currently homeless. Emergency shelter may not require occupants to enter into a lease or an occupancy agreement. Emergency shelter facilities may include day and warming centers that do not provide overnight accommodations.	

Note: Housing types are defined in [RCW 36.70A.030](#). *Income thresholds are based on HUD estimates for a family of four.

Income Ranges

HB 1220 uses information from the U.S. Department of Housing and Urban Development (HUD) to define income levels. While the percent of the area median income (e.g. 30-50% AMI) is used as shorthand for the income ranges in this report, these values refer to a four-person reference household. HUD adjusts income thresholds based on household size.

HOUSING NEED ALLOCATIONS

The first step in implementing HB 1220 is to identify the housing need allocation for each jurisdiction — the number of units apportioned to each jurisdiction to meet the countywide need for moderate, low, very low, and extremely low-income households; and emergency housing, emergency shelters, and permanent supportive housing. While HB 1220 requires Commerce to identify the countywide number of units in each income range, it gives jurisdictions discretion in how that need is allocated to cities, unincorporated urban growth areas (UGAs), and the rural unincorporated County.

Between August and October 2023, TRPC convened a project team that included planning directors and staff from Thurston County and the cities of Lacey, Olympia, Tumwater, and Yelm. This group identified the following shared values to assess different housing need allocation methods and select a preferred approach:

Fair

- Distributes new low-income units across all jurisdictions
- Recognizes the differences among jurisdictions and existing housing distribution
- Recognizes needs of community members – especially people who rely on permanent supportive housing and emergency housing

Clear

- Easy to communicate to public and elected officials
- Tailored to jurisdiction boundaries (including UGAs)
- Uses established methods to limit risk of legal challenges

Cooperative

- Builds on existing structures and processes – including the Regional Housing Council, Comprehensive Plan updates, Countywide Planning Policies
- Supported by all workgroup members

The project partners also agreed that the total number of housing units allocated to each jurisdiction should be consistent with the jurisdiction population, employment, and housing projections adopted by TRPC in September 2019.²

Countywide Housing Needs

HB 1220 builds on existing requirements for jurisdictions to plan for population growth. TRPC's most recent population and employment forecast estimates that 54,356 new housing units will be needed between 2020 and 2045 to support projected population growth (88,707 new people).² Table 2 shows the number of housing units projected for each jurisdiction. These projections were developed consistent with Thurston County's Countywide Planning Policies.

Table 2: TRPC Projected Housing Need by Jurisdiction

		Housing Units		
		2020 Census	2045 TRPC Projection	2020-2045 Projected Need
Bucoda	Town	241	375	134
Lacey	City	23,042	28,196	5,154
	UGA	13,562	22,532	8,970
Olympia	City	25,642	38,286	12,644
	UGA	5,093	6,744	1,651
Rainier	City	850	1,421	571
	UGA	54	77	23
Tenino	City	780	1,299	519
	UGA	5	14	9
Tumwater	City	11,064	17,740	6,676
	UGA	1,210	3,726	2,516
Yelm	City	3,456	10,960	7,504
	UGA	515	659	144
Grand Mound	UGA	424	734	310
Rural Unincorporated		35,500	43,031	7,531
Total		121,438	175,794	54,356

Note: TRPC forecast adopted September 6, 2019, for jurisdiction boundaries as of September 1, 2023. Numbers may not add to total due to rounding.

HB 1220 adds a requirement that jurisdictions plan for a specific number of housing units affordable for moderate, low, very low, and extremely low-income households; and emergency housing, emergency shelters, and permanent supportive housing. Commerce’s Housing for All Planning Tool (HAPT)² provided the estimated housing need for each income range and housing type shown in Table 3. Income ranges are expressed as a percent of the area median income; the equivalent household incomes for the Thurston region in 2023 are shown in Table 3. While HB 1220 does not require jurisdictions to plan for housing affordable to households earning more than 120% of the area median income, this need is included so the number of units can be summed up to the total (identified as “Remainder” in tables).

While cities, towns, and counties have discretion over how this need is allocated among the jurisdictions, the countywide housing need identified by Commerce for each income range cannot be changed.

Table 3: Dept. of Commerce Housing Needs by Income Level for Thurston County

	Estimated Supply (2020)	Total Future Supply (2045)	Net Need (2020-2045)	Estimated Supply (2020)	Total Future Supply (2045)	Net Need (2020-2045)
Housing Units						
0-30% AMI (PSH)	180	3,774	3,594	0.1%	2.1%	6.6%
0-30% AMI (Non-PSH)	2,874	11,632	8,758	2.4%	6.6%	16.1%
30-50% AMI	12,405	20,836	8,431	10.2%	11.9%	15.5%
50-80% AMI	38,285	46,555	8,270	31.5%	26.5%	15.2%
80-100% AMI	26,403	30,776	4,373	21.7%	17.5%	8.0%
100-120% AMI	15,489	19,870	4,381	12.8%	11.3%	8.1%
Remainder	24,476	41,025	16,549	20.2%	23.3%	30.4%
Other	1,327	1,327	0	1.1%	0.8%	0.0%
Total	121,438	175,794	54,356	100.0%	100.0%	100.0%
Emergency Housing (Beds)	626	1,562	936	—	—	—

Note: “AMI” refers to the area median family income, which HUD estimates was \$102,500 in 2023 for Thurston County. Income ranges are expressed relative to the AMI; income ranges are for a family of four. “PSH” is permanent supportive housing. “Other” includes recreational, seasonal, or migrant labor housing. Numbers may not add up to totals due to rounding. Housing types are defined in [RCW 36.70A.030](#).

Baseline Housing Supply

The project partners agreed that it was important to plan for housing in both the incorporated and unincorporated urban growth areas of each jurisdiction. Since the tools provided by Commerce did not provide estimates for UGAs, TRPC revised the baseline housing supply estimates provided by Commerce using the assumptions listed below. In addition, TRPC revised the baseline supply to reflect current (September 1, 2023) jurisdiction boundaries.

- Use TRPC’s parcel-level housing estimates where newly annexed jurisdiction boundaries do not align with 2020 Census blocks.
- The percentage of housing by income range in each UGA is the same as what Commerce estimated in the HAPT tool for its adjacent incorporated area.
- There is no permanent supportive housing or emergency housing in the unincorporated UGA.
- Any permanent supportive housing units where Commerce was unable to determine the jurisdiction (68 units total) were assumed to be in Olympia based on data provided by Olympia staff in the 2023-2027 Thurston-Olympia Consolidated Plan.
- The revised housing supply uses newly released 2020 decennial census data on seasonal and migrant housing instead of American Community Survey (ACS) estimates used in the Commerce HAPT tool. (While HB 1220 does not require jurisdictions to plan for seasonal and migrant housing, these units are removed from the available housing supply.)

HB 1220 only requires housing need allocations for cities, towns, and the unincorporated areas. However, the partners requested housing allocations for the unincorporated UGAs to inform how they plan for housing needs in areas likely to be annexed over the next 20 years. These UGA estimates are for informational purposes only; Thurston County — in consultation with the cities — has discretion over how

the housing need is allocated between urban and rural unincorporated areas as long as the total housing units align with Table 1.

Preferred Allocation Method

The project partners reviewed several methods for allocating the countywide housing need to jurisdictions. Two methods were developed by Commerce in its HAPT tool. TRPC staff also meet with staff from King, Kitsap, Pierce, and Snohomish Counties to discuss their method. Due to their earlier periodic Comprehensive Plan update deadline, all four counties had made progress implementing HB 1220.

The project partners ultimately preferred a variation of the method used by Snohomish County, because it best achieves the shared values identified on Page 7. The preferred method modifies the Snohomish County method so that no low-income housing or emergency housing is allocated to the rural unincorporated County. The partners developed this modification in response to feedback from Commerce that **residential zoning in rural areas — predominantly large, single-family lots — cannot accommodate the housing types and utilities required for low-income housing, permanent supportive housing, and emergency housing.**

The preferred method:

- Begins with an expectation that each jurisdiction should plan for the same share of the new housing need in each income range, but credits jurisdictions that currently have a higher-than-average share of low-income housing.
- Results in allocations that are positive and consistent with the housing need projected for each jurisdiction (Table 2) and for each income range countywide (Table 3).
- Is consistent with the Countywide Planning Policies and is supported by all project partners.
- Limits allocation of low-income housing to rural areas, in line with Commerce guidance.

The preferred housing need allocation is shown in Table 4; the process for calculating it is described in Appendix I. The housing need allocations were accepted by TRPC on **December 6, 2024 (anticipated)**. These allocations replace numbers provisionally accepted by TRPC on March 1, 2024.

Table 4: 2020-2045 Housing Need Allocations

		Housing Units								Beds
		Total	Income Level (Percent of Area Median Income)							Emergency Housing
			0-30%		30-50%	50-80%	80-100%	100-120%	Remainder	
			PSH	Non-PSH						
Bucoda	Town	134	6	12	0	8	67	20	21	3
Lacey	City	5,154	424	1,086	1,199	515	0	540	1,390	103
	UGA	8,970	684	1,698	1,468	2,841	0	721	1,558	179
	Total	14,124	1,108	2,784	2,667	3,357	0	1,261	2,948	282
Olympia	City	12,644	942	2,339	2,877	590	2,093	1,144	2,660	253
	UGA	1,651	156	278	435	0	235	152	395	33
	Total	14,295	1,098	2,617	3,312	590	2,328	1,296	3,055	286
Rainier	City	571	43	107	0	161	44	103	114	11
	UGA	23	0	0	0	0	0	0	23	0
	Total	594	43	107	0	161	44	103	137	12
Tenino	City	519	33	65	0	0	220	96	105	10
	UGA	9	0	0	0	0	0	0	9	0
	Total	528	33	65	0	0	220	96	114	11
Tumwater	City	6,676	554	1,320	1,002	1,129	806	627	1,238	133
	UGA	2,516	170	415	307	797	333	171	323	50
	Total	9,192	723	1,736	1,309	1,926	1,140	798	1,561	184
Yelm	City	7,504	557	1,373	1,090	2,085	518	757	1,125	150
	UGA	144	10	25	30	0	0	41	38	3
	Total	7,648	567	1,398	1,120	2,085	518	798	1,163	153
Grand Mound	UGA	310	16	40	23	143	57	11	19	6
Rural Unincorporated		7,531	0	0	0	0	0	0	7,531	0
Thurston County		54,356	3,594	8,758	8,431	8,270	4,373	4,381	16,549	936

Accepted by TRPC on *December 6, 2024 (anticipated)*.

Note: Numbers may not add to totals due to rounding. "PSH" refers to permanent supportive housing.

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LAND CAPACITY ANALYSIS

The second step in implementing HB 1220 is a land capacity analysis to identify if there is sufficient capacity — based on zoning and development regulations — to accommodate the identified housing need. Commerce’s guidance for updating housing elements¹ outlines five steps for completing the land capacity analysis, which are described in this report:

1. Summarize Land Capacity by Zone
2. Categorize Zones by Allowed Housing Types and Density Category
3. Relate Zone Categories to Potential Income Levels and Housing Types
4. Summarize Capacity by Zone Category
5. Compare Allocated Housing Need to Capacity

These steps are described below. The land capacity analysis was completed as part of Phase 2 of the project.

Due to the unique nature of joint planning in Thurston County, the partners requested that the land capacity analysis combine data for cities and their unincorporated urban growth areas. How low-income housing is allocated within unincorporated urban areas will be addressed in the cities’ comprehensive plans and the joint plans the cities have with Thurston County.

Summarize Land Capacity by Zone

“Capacity” refers to the potential number of new dwelling units that could be built on a parcel based on zoning, development regulations, development trends, and market factors. Capacity includes greenfield development, infill development, and redevelopment. Under the ILA for Phase 2, the partners agreed to use the land capacity model developed for TRPC’s most recently adopted forecast and the 2021 Buildable Lands report. The documentation for that model — including the assumptions that went into it — can be found in TRPC’s forecast documentation⁴ and the Buildable Lands report⁵.

The capacity estimates for each zone are shown in Appendix II.

Changes from Adopted Forecast

While TRPC used the same land capacity model to develop TRPC’s adopted forecast and the 2021 Buildable Lands Report, the capacity estimates differ from those published in 2021 Buildable Lands Report for the following reasons:

Extension of Planning Horizon to 2045. The planning horizon for the Buildable Lands Report was 2040 while the planning horizon for Comprehensive Plans is 2045. The capacity for housing need allocations includes additional capacity due to:

- Land expected to be redevelopable after 2040
- Accessory dwelling units expected to be built between 2040 and 2045
- Development of some master planned communities projected to occur after 2040

- Difficult-to-sewer areas and areas without sewer expected to have sewer after 2040

Recent development. TRPC also adjusted the capacity to account for recent housing development. If a project was permitted that exceeded the capacity estimate in TRPC’s model, the capacity was revised to the permitted number of units.

TRPC did not revise capacity to account for changes in market trends, zoning, or development regulations that have occurred since the last forecast was updated. Doing so would require substantial updates to the population and housing forecast adopted by TRPC in 2019 that serves as the foundation for the housing need allocations and was not included in the scope of work of the current ILA.

Bush Prairie Habitat Conservation Plan. The City of Tumwater and the Port of Olympia are working on a habitat conservation plan (the “Bush Prairie HCP”) to mitigate the impacts of development on four species protected under the Endangered Species Act. TRPC’s adopted forecast includes assumptions that mitigation in the Bush Prairie HCP (and other jurisdiction HCPs) would reduce capacity in the rural unincorporated County. However, the latest draft of the Bush Prairie HCP identifies significant mitigation within Tumwater’s city limits. Therefore, the land capacity analysis reduced capacity in the zones where mitigation is most likely to occur by the factors show in Table 5. The estimated acres removed for mitigation were provided by Tumwater staff.

Table 5. Capacity Reduction Factors for Bush Prairie HCP

Zone	Acres Removed for Mitigation	Total Area (Vacant Parcels)	Reduction Factor
MFH	5	18.7	26.8%
MFM	30	83.1	36.1%
MU	30	27.0	100.0%
SFL	190	354.6	53.6%
SFM	40	227.2	17.6%

Note: Acres removed for mitigation provided by Tumwater staff. Total area is from TRPC’s land capacity model. Reduction only applied to capacity on vacant parcels.

Capacity for Accessory Dwelling Units

TRPC’s method for projecting accessory dwelling units (ADUs) mirrors Commerce’s guidance. TRPC projects the number of ADUs likely to be built over the next 20 to 25 years based on past trends and recent changes to development regulations. The units are then allocated to “potential ADU lots.” The estimated number of ADUs for each jurisdiction is shown in Table 6.

Within urban areas of Thurston County (including cities, towns, and unincorporated urban areas), TRPC projects 565 ADUs across 11,886 potential ADU lots — a participation rate of about five percent. Potential lots have only one single-family unit and no additional dwellings and are located in areas platted prior to 1970 (referred to as “infill areas”). For the rural unincorporated county, TRPC projects 280 ADUs across 24,271 potential ADU lots — a participation rate of about one percent. Potential lots have one single-family unit and no additional dwellings.

For the land capacity analysis, Tumwater and Yelm requested revisions to the ADU assumptions in their urban areas based on observed or expected trends. These are shown in Table 6.

Table 6: Estimates of Accessory Dwelling Units by Jurisdiction.

Jurisdiction		Accessory Dwellings		Potential ADU Lots
		Adopted Forecast	For LCA	
Bucoda	City	9	No Change	195
Lacey	City	97	No Change	2,045
	UGA	43	No Change	906
Olympia	City	309	No Change	6,502
	UGA	1	No Change	16
Rainier	City	5	No Change	104
	UGA	0	No Change	0
Tenino	City	19	No Change	395
	UGA	0	No Change	0
Tumwater	City	73	No Change	1,536
	UGA	0	10	0
Yelm	City	9	100	185
	UGA	0	20	2
Grand Mound	UGA	0	No Change	0
Urban Total		565	686	11,886
Rural Total		280	No Change	24,271
Countywide		845	966	36,157

Capacity for Emergency Housing

Per Commerce’s guidance, jurisdictions do not need to do a land capacity analysis for emergency housing if:

- The jurisdiction has one or more zones that allow hotels, all of which allow for emergency housing by right. Alternatively, this condition may be met by demonstrating that emergency housing is allowed by right in a majority of zones within a one-mile proximity to transit.
- The jurisdiction has no regulations that limit the occupancy, spacing, or intensity of emergency housing.

The project partners confirmed at least one of these conditions applied to their jurisdictions, therefore TRPC did not complete a land capacity analysis for emergency housing.

Categorize Zones by Allowed Housing Types and Density Category

Step 2 of Commerce’s guidance recommends that jurisdictions assign a density category to each zone based on the density and types of housing allowed. The partners agreed to use the example categories in Commerce’s guidance shown in Table 7. In May 2024, TRPC met with jurisdiction staff to review the housing types allowed in each zone and assign a density category; this information is shown in Appendix II.

Table 7: Categories for Classifying Zones by Housing Types Allowed

Zone Category	Typical housing types allowed
Low Density	Detached single-family homes
Moderate Density	Townhomes, duplex, triplex, quadplex
Low-rise Multifamily	Walk-up apartments (up to 3 floors)
Mid-rise Multifamily	Apartments in buildings with ~4-8 floors (~40-85 feet in height)
High-rise/Tower	Apartments in buildings with ~9 or more floors (>85 feet in height) and requiring steel frame construction

Note: Adapted from Commerce’s guidance. Manufactured homes are not listed as a housing type because by law they should be allowed in all zones that permit residential uses. High-Rise/Tower zones are likely to be relevant only in major metropolitan cities. Condominiums are omitted since they are a type of ownership, not housing.

Relate Zone Categories to Potential Income Levels and Housing Types

For the land capacity analysis, housing types are tied to an affordability level. Commerce’s guidance provides examples of this relationship for moderate- and high-cost communities in Washington State which may be used in the land capacity analysis if a more detailed market analysis is not available. The project partners agreed to use the relationship for moderate-cost communities (Table 8) for this analysis.

Note that the assigned affordability levels are intended to indicate the potential for that zone to accommodate housing affordable to different income levels, not a guarantee that any housing in those zones actually will be affordable at specific household income levels.

Table 8: Relationship of Zone Categories to Housing Income Levels Served in Moderate-Cost Communities

Zone category	Lowest potential income level served		Assumed affordability level for capacity analysis
	Market Rate	With subsidies and/or incentives	
Low Density	Higher income (>120% AMI)	Not typically feasible at scale	Higher income (>120% AMI)
Moderate Density	Moderate income (>80-120% AMI)	Not typically feasible at scale	Moderate income (>80-120% AMI)
Low-rise Multifamily	Low income (>50-80% AMI)	Extremely low and Very low income (0- 50% AMI)	Low income and PSH (0-80% AMI)
Mid-rise Multifamily	Low income (>50-80% AMI)	Extremely low and Very low income (0- 50% AMI)	Low income and PSH (0-80% AMI)
ADUs (all zones)	Low income (>50-80% AMI)	N/A	Group with Low-rise and/or Mid-rise Multifamily

Note: Adapted from Commerce’s guidance

Capacity for Low-Income Housing in Moderate Density Zones

The project partners noted that in some situations, low-income housing may be built in low or moderate density zones. This could include:

- Housing built by Habitat for Humanity or similar organizations. Table 9 shows the number of recently constructed Habitat for Humanity projects in Thurston County.
- Under HB 1110, cities between 25,000 and 75,000 are required to allow duplexes in residential zones, and quadplexes if at least one unit is affordable to a low-income household.

The land capacity analysis used HB 1110 as a guide for estimating how much capacity in moderate-density zones could accommodate low-income housing. The land capacity model found 1,104 parcels in Lacey, Olympia, and Tumwater — the three jurisdictions affected by the law — with capacity for four or more units. Total capacity on those parcels is 18,697, or 4,674 low-income units assuming one in four is an income-restricted unit (Table 10).

Table 9: Recent or Upcoming Habitat for Humanity Projects

Jurisdiction	Project	Units	Zone	Density Category
Lacey	Deyoe Vista Subdivision	33	MD	Low-rise Multifamily
Tumwater	Tâícn Housing Development	28	MFM	Low-rise Multifamily
Yelm	—	22	R-4	Moderate Density
Olympia	3900 Boulevard Rd	112	RM-18	Low-rise Multifamily
Olympia	Fairview	16	R-4-8	Moderate Density
Olympia	Trinity Court	6	R-4-8	Moderate Density
Olympia	Covenant Court	20	RM-24	Mid-rise Multifamily
Total		237		

Table 10: Parcels with Capacity for Four or More Units in Moderate Density Zones

Jurisdiction		Parcels	Capacity	
			Total	Low-Income
Lacey	City	92	1,540	385
	UGA	334	8,376	2,094
Olympia	City	333	3,144	786
	UGA	114	1,466	366
Tumwater	City	205	3,737	934
	UGA	26	435	109
Total		1,104	18,697	4,674

Summarize Capacity by Zone Category

In Step 4, the total capacity in each zone category is summarized. This provides the total capacity that could accommodate housing in each income level. These totals are shown in Table 11; detailed capacity by zone is in Appendix II (“Total Capacity” columns).

Table 11: Capacity by Zone Category

	ADUs	Midrise Multifamily	Lowrise Multifamily	Moderate Density		Low Density	Total
	0-80% AMI	0-80% AMI	0-80% AMI	0-80% AMI	80-120% AMI	>120% AMI	
Lacey and UGA	140	2,387	5,085	2,479	8,256	50	18,397
Olympia and UGA	310	3,468	7,352	1,152	5,404	1,255	18,941
Tenino and UGA	19	39	0	0	376	211	644
Tumwater and UGA	83	1,455	3,148	1,043	3,692	2,441	11,861
Yelm and UGA	120	0	2,655	0	5,610	745	9,130
Rainier UGA	0	0	0	0	0	108	108
Grand Mound UGA	0	0	0	0	406	0	406
Rural Unincorporated	280	0	0	0	0	17,744	18,024
All Partner Jurisdictions	952	7,349	18,239	4,674	23,744	22,554	77,512

Compare Allocated Housing Need to Capacity

The final step of the land capacity analysis is to compare the allocated housing need allocated to each jurisdiction to the capacity for new housing. A summary of the difference between the allocated housing need and capacity is shown in Table 12; detailed findings are shown in Tables 13-20 (“Surplus or Deficit” columns). A positive number (surplus) indicates that there is sufficient capacity to accommodate the allocated housing need for a given income level while a negative number (deficit) indicates that there is insufficient capacity. HB 1220 does not require jurisdictions to plan for or accommodate housing for high-income households; data for that income range is excluded.

The land capacity analysis found no deficits in the Lacey, Olympia, and Tumwater urban areas. Deficits were found in Tenino, Yelm, and Grand Mound. The project partners agreed that they would identify strategies to eliminate these deficits as part of their periodic Comprehensive Plan updates. All deficits were found in the low-income categories; no deficits were found in the moderate-income range.

No deficits were found in the rural unincorporated County. Per Commerce guidance, the low-density residential zoning in rural areas — predominantly large lots — cannot accommodate the housing types and utilities required for low-income housing, permanent supportive housing, and emergency housing.

Table 12: Summary of Surplus/Deficit by Jurisdiction

	Lacey and UGA	Olympia and UGA	Tenino and UGA	Tumwater and UGA	Yelm and UGA	Rainier UGA	Grand Mound UGA	Rural
Aggregate Housing Need								
0-80% AMI	9,915	7,616	98	5,694	5,170	0	223	0
80-120% AMI	1,261	3,623	316	1,937	1,316	0	68	0
Capacity								
0-80% AMI	10,091	12,282	58	5,729	3,025	0	0	280
80-120% AMI	8,256	5,404	376	3,692	5,860	0	406	0
Surplus / Deficit								
0-80% AMI	176	4,666	-41	35	-2,145	0	-223	280
80-120% AMI	6,995	1,781	60	1,755	4,545	0	338	0

Note: A positive number (surplus) indicates that there is sufficient capacity to accommodate the allocated housing need for a given income level while a negative number (deficit) indicates that there is insufficient capacity

Yelm Master Planned Community

Yelm is the community with the largest deficit in the land capacity analysis. However, 60 percent of Yelm’s capacity for future housing — an estimated 5,000 units — is on 1,250 vacant acres zoned Master Planned Community (MPC). The land capacity analysis assumes that 2,000 low-rise multifamily units that could accommodate low-income households, and 3,000 moderate density units that could accommodate moderate-income households. However, exactly how much affordable housing this area could accommodate will depend on the master plan the City approves.

Table 13: Lacey City and UGA

Income Level	Zone Categories Serving These Needs	Housing Need	Aggregate Housing Need	Total Capacity	Surplus or Deficit
0-30% PSH	Low-rise Multifamily Mid-rise Multifamily ADUs	1,108	9,915	10,091	176
0-30% Other		2,784			
30-50%		2,667			
50-80%		3,357			
80-100%	Moderate Density	0	1,261	8,256	6,995
100-120%		1,261			

Table 14: Olympia City and UGA

Income Level	Zone Categories Serving These Needs	Housing Need	Aggregate Housing Need	Total Capacity	Surplus or Deficit
0-30% PSH	Low-rise Multifamily Mid-rise Multifamily ADUs	1,098	7,616	12,282	4,666
0-30% Other		2,617			
30-50%		3,312			
50-80%		590			
80-100%	Moderate Density	2,328	3,623	5,404	1,781
100-120%		1,296			

Table 15: Tenino City and UGA

Income Level	Zone Categories Serving These Needs	Housing Need	Aggregate Housing Need	Total Capacity	Surplus or Deficit
0-30% PSH	Low-rise Multifamily Mid-rise Multifamily ADUs	33	98	58	-41
0-30% Other		65			
30-50%		0			
50-80%		0			
80-100%	Moderate Density	220	316	376	60
100-120%		96			

Table 16: Tumwater City and UGA

Income Level	Zone Categories Serving These Needs	Housing Need	Aggregate Housing Need	Total Capacity	Surplus or Deficit
0-30% PSH	Low-rise Multifamily Mid-rise Multifamily ADUs	723	5,694	5,729	35
0-30% Other		1,736			
30-50%		1,309			
50-80%		1,926			
80-100%	Moderate Density	1,140	1,937	3,692	1,755
100-120%		798			

Table 17: Yelm City and UGA

Income Level	Zone Categories Serving These Needs	Housing Need	Aggregate Housing Need	Total Capacity	Surplus or Deficit
0-30% PSH	Low-rise Multifamily Mid-rise Multifamily ADUs	567	5,170	3,025	-2,145
0-30% Other		1,398			
30-50%		1,120			
50-80%		2,085			
80-100%	Moderate Density	518	1,316	5,860	4,545
100-120%		798			

Table 18: Rainier UGA

Income Level	Zone Categories Serving These Needs	Housing Need	Aggregate Housing Need	Total Capacity	Surplus or Deficit
0-30% PSH	Low-rise Multifamily Mid-rise Multifamily ADUs	0	0	0	0
0-30% Other		0			
30-50%		0			
50-80%		0			
80-100%	Moderate Density	0	0	0	0
100-120%		0			

Note: Rainier did not participate in the project so data for the city are not available

Table 19: Grand Mound UGA

Income Level	Zone Categories Serving These Needs	Housing Need	Aggregate Housing Need	Total Capacity	Surplus or Deficit
0-30% PSH	Low-rise Multifamily Mid-rise Multifamily ADUs	16	223	0	-223
0-30% Other		40			
30-50%		23			
50-80%		143			
80-100%	Moderate Density	57	68	406	338
100-120%		11			

Table 20: Rural Unincorporated County

Income Level	Zone Categories Serving These Needs	Housing Need	Aggregate Housing Need	Total Capacity	Surplus or Deficit
0-30% PSH	Low-rise Multifamily Mid-rise Multifamily ADUs	0	0	280	280
0-30% Other		0			
30-50%		0			
50-80%		0			
80-100%	Moderate Density	0	0	0	0
100-120%		0			

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APPENDIXES

Appendix I: Housing Need Allocation Method

The project partners preferred the method used by Snohomish County to allocate the housing need to jurisdictions best achieved the values the group identified: fair, clear, and cooperative.

The Snohomish County method was modified so that no low-income housing or emergency housing was allocated to the rural unincorporated County. This was in response to feedback from Commerce that residential zoning in rural areas — predominantly large lots — could not accommodate the housing types and utilities required for low-income housing, permanent supportive housing, and emergency housing.

The allocation method follows a four-step process. Examples for the city of Lacey are include.

Step 1: Same-Share Housing Need (HAPT Method A)

Calculate each jurisdiction's 2020-2045 housing need, assuming the same percentage is affordable in every jurisdiction. This is the same as Allocation Method A in Commerce's HAPT tool.

16.1% of the countywide 2020-2045 housing need needs to be affordable to a very low-income household. For the city of Lacey, that would equate to 799 housing units.

Step 2: Theoretical Housing Baseline

Calculate the theoretical 2020 housing supply if every jurisdiction had the same share of housing in each income range.

Currently, 10.3% of housing units in Thurston County are affordable to a very low-income household. If the percentage of housing affordable in each income range was the same in every jurisdiction, Lacey would have 2,371 housing units affordable to a very low-income household.

Step 3: Housing Need Adjustment Factor

Subtract the theoretical 2020 housing supply (Step 2) from the actual 2020 housing supply to get an adjustment factor.

Lacey currently has 1,832 housing units affordable to a very low-income household — less than the theoretical equal-share distribution (Step 2). Lacey's housing need adjustment factor for the very-low-income range is 539 housing units (2,371 minus 1,832).

Step 4: Initial Housing 2020-2045 Need

Add the housing need adjustment (Step 3) to the same-share allocation (Step 1). Set any negative allocations in Step 4 to zero. Set any low- or moderate-income housing (0 to 120% AMI) allocated to the rural unincorporated County to zero.

Lacey's initial housing need is 1,338 housing units (799 plus 539). If this number had been negative, it would be set to zero.

Step 5: Final 2020-2045 Housing Need

Removing the negative allocations results in total housing numbers that are higher than Commerce's estimate of housing need. Step 5 reduces the allocations generated in Step 4 proportionally to match both TRPC's housing unit projections for each jurisdiction and the countywide housing need in each income range identified by Commerce. An iterative process is used — called "Iterative Proportional Fitting" — to ensure that all rows and columns sum to the correct total.

After the negative allocations in Step 4 are set to zero, the total low-income housing allocation for all jurisdictions is 159 units higher than the countywide need. The initial allocations are reduced to match the housing totals (Table 2 and Table 3).

Table 21: Preferred Method Sample Calculation of the Very-Low-Income (30-50% AMI) Housing Need.

Jurisdiction		2020 Housing Supply	Step 1	Step 2	Step 3	Step 4	Step 5
			Equal-Share Housing Need	Theoretical 2020 Supply	Adjustment Factor	Initial Allocation	Final Allocation
Bucoda	Town	120	21	25	-96	Less Than 0	0
Lacey	City	1,832	799	2,371	539	1,338	1,199
	UGA	1,075	1,391	1,391	316	1,707	1,468
Olympia	City	1,782	1,961	2,635	853	2,814	2,877
	UGA	356	256	522	167	423	435
Rainier	City	211	89	88	-123	Less than 0	0
	UGA	13	4	5	-8	0	0
Tenino	City	211	80	81	-130	Less than 0	0
	UGA	1	1	1	-1	0	0
Tumwater	City	1,099	1,036	1,138	39	1,075	1,002
	UGA	120	390	124	4	394	307
Yelm	City	247	1,164	356	109	1,273	1,090
	UGA	37	22	53	16	39	30
Grand Mound	UGA	52	48	43	-9	39	23
Rural		5,249	1,168	3,573	-1,677	Less than 0	0
Total		12,405	8,431	12,405	0	9,103*	8,431

Notes: *Sum of positive values.

Appendix II: Estimated Capacity and Density Category by Zone

Notes: P: housing type is permitted; C: housing type is conditionally allowed. Information is included to support the density category assigned to each zone. Consult jurisdiction code for specifics on which housing types are allowed. The city of Rainier and town of Bucoda are not included in the interlocal agreement so are omitted from the TRPC analysis. Per Dept. of Commerce guidance, manufactured homes are omitted since they should be permitted in all zones. Capacity estimate excludes accessory dwelling unit assumptions. Capacity in this table excludes accessory dwelling units.

Zone		Capacity	Density Category	Select Housing Types				
				Single-Family	Townhome	2 to 4-Plex	Apartment	ADU
Bucoda								
All Zones	City	—	N/A					
Lacey								
AG	UGA	11	Low Density	P				P
AQUATC	City	0	Nonresidential					
AQUATC	UGA	0	Nonresidential					
C	City	0	Nonresidential					
CBD 4	City	44	Mid-rise Multifamily	P	P	P	P	P
CBD 5	City	110	Mid-rise Multifamily		P		P	
CBD 6	City	55	Mid-rise Multifamily				P	
CBD 6	UGA	0	Mid-rise Multifamily				P	
CBD 7	City	12	Mid-rise Multifamily				P	
CCD	City	144	Low-rise Multifamily		P		P	
CO	City	227	Mid-rise Multifamily		P		P	
GC	City	0	Nonresidential					
HD	City	1,598	Mid-rise Multifamily		P	P	P	P
HD	UGA	386	Mid-rise Multifamily		P	P	P	P
HPBD-BC	City	68	Mid-rise Multifamily		P		P	
HPBD-C	City	17	Mid-rise Multifamily		P		P	
LD	City	1,666	Moderate Density	P	P	P		P
LD	UGA	4,933	Moderate Density	P	P	P		P
LHN	City	31	Low Density	P				P
LI	City	0	Nonresidential					
LI	UGA	0	Nonresidential					
LI-C	City	0	Nonresidential					
MD	City	1,338	Low-rise Multifamily	P	P	P	P	P
MD	UGA	906	Low-rise Multifamily	P	P	P	P	P
ME	UGA	0	Nonresidential					
MGSA	UGA	3,166	Moderate Density	P	P			P
MHDC	City	525	Mid-rise Multifamily		P		P	

Zone		Capacity	Density Category	Select Housing Types				
				Single-Family	Townhome	2 to 4-Plex	Apartment	ADU
MHDC	UGA	710	Mid-rise Multifamily		P		P	
MMDC	City	73	Moderate Density	P	P	P	P	P
MMDC	UGA	172	Moderate Density	P	P	P	P	P
NATURL	City	1	Low Density	P				P
NC	City	0	Nonresidential				P	
NC	UGA	0	Nonresidential				P	
OS-I	City	1	Nonresidential					
OS-I	UGA	0	Nonresidential					
OSI-P	City	0	Nonresidential					
OSI-P	UGA	0	Nonresidential					
OSI-S	City	0	Nonresidential					
OSI-S	UGA	0	Nonresidential					
SHORES	City	3	Low Density	P	P	P		P
SMU	City	0	Nonresidential					
URBCON	City	3	Low Density	P				P
V(U)C	City	178	Moderate Density	P	P	P	P	P
V(U)C	UGA	547	Moderate Density	P	P	P	P	P
WD	City	1,332	Mid-rise Multifamily		P		P	
Olympia								
AS	City	0	Nonresidential					
CAP	City	0	Nonresidential					
COSC	UGA	31	Low-rise Multifamily	P	P	P	P	P
CSH	City	0	Nonresidential	P	P	P	P	P
DB	City	1,442	Mid-rise Multifamily	P	P	P	P	P
GC	City	168	Low-rise Multifamily	P	P	P	P	P
HDC-1	City	3	Moderate Density	P	P	P	P	P
HDC-2	City	4	Moderate Density	P	P	P	P	P
HDC-3	City	37	Moderate Density	P	P		P	P
HDC-4	City	3,019	Mid-rise Multifamily	P	P	P	P	P
I	City	0	Nonresidential					
LI-C	City	0	Nonresidential					
LI-C	UGA	0	Nonresidential					
MHP	City	0	Moderate Density	P	P	P		P
MR-10-18	City	117	Low-rise Multifamily	P	P	P	P	P
MR-7-13	UGA	0	Moderate Density	P	P	P	P	P
MS	City	217	Mid-rise Multifamily	P	P	P	P	P
NR	City	2	Moderate Density	P	P	P	P	P

Zone		Capacity	Density Category	Select Housing Types				
				Single-Family	Townhome	2 to 4-Plex	Apartment	ADU
NR	UGA	10	Moderate Density	P	P	P	P	P
NV	City	410	Low-rise Multifamily	P	P	P	P	P
PO/RM	City	688	Low-rise Multifamily	P	P	P	P	P
PUD	City	83	Mid-rise Multifamily	C	C	C	C	C
R-1/5	City	4	Low Density	P	P	P		P
R-1/5	UGA	39	Low Density	P	P	P		P
R-4	City	16	Low Density	P	P	P		P
R-4	UGA	154	Low Density	P	P			P
R-4-8	City	3,758	Moderate Density	P	P	P		P
R-4-8	UGA	1,553	Moderate Density	P	P			P
R-4CB	City	445	Low Density	P		P		P
R-6-12	City	1,141	Moderate Density	P	P	P		P
R-6-12	UGA	51	Moderate Density	P	P	P		P
RLI	City	464	Low Density	P	P	P	P	P
RLI	UGA	133	Low Density	P	P	P	P	P
RM-18	City	945	Low-rise Multifamily	P	P	P	P	P
RM-18	UGA	837	Low-rise Multifamily	P	P	P	P	P
RM-24	City	999	Mid-rise Multifamily	P	P	P	P	P
RM-H	City	0	Mid-rise Multifamily	P	P	P	P	P
RMU	City	23	Mid-rise Multifamily	P	P	P	P	P
UR	City	187	Mid-rise Multifamily	P	P	P	P	P
UV	City	271	Low-rise Multifamily	P	P	P	P	P
UW	City	778	Mid-rise Multifamily				P	
UWH	City	604	Mid-rise Multifamily		P		P	
Rainier								
All Zones	City	—	N/A					
NC	UGA	0	Low Density					
RRR1/5	UGA	108	Low Density	P	P			P
Tenino								
C-1	City	2	Low-rise Multifamily		C		C	
C-2	City	2	Low-rise Multifamily		C		C	
C-3	City	26	Low-rise Multifamily	C	C		C	
I	City	0	Nonresidential					
MF	City	8	Low-rise Multifamily	P	P	P	P	C
P/SP	City	0	Nonresidential					
PO	City	1	Moderate Density	P				C

Zone		Capacity	Density Category	Select Housing Types				
				Single-Family	Townhome	2 to 4-Plex	Apartment	ADU
RRR1/5	UGA	27	Low Density	P	P			P
SF	City	346	Moderate Density	P				C
SF-D	City	28	Moderate Density	P		P		C
SF-ES	City	69	Low Density	P				C
WT	City	115	Low Density	P				C
Tumwater								
ARI	City	0	Nonresidential					
BD	City	666	Mid-rise Multifamily	P	P	P	P	P
CBC	City	742	Mid-rise Multifamily				P	
CS	City	0	Nonresidential					
GB	City	0	Nonresidential	P				
GB	UGA	0	Nonresidential	P				
GC	City	1,344	Mid-rise Multifamily				P	
GC	UGA	0	Mid-rise Multifamily				P	
HC	City	0	Mid-rise Multifamily				P	
HI	City	0	Nonresidential					
HI	UGA	0	Nonresidential					
LI	City	0	Nonresidential					
LI	UGA	-1	Nonresidential					
MFH	City	356	Mid-rise Multifamily		P	P	P	P
MFM	City	822	Low-rise Multifamily		P	P	P	P
MFM	UGA	615	Low-rise Multifamily	P	P	P	P	P
MHP	City	46	Moderate Density	P				
MU	City	17	Low-rise Multifamily		P	P	P	P
MU	UGA	1	Low-rise Multifamily		P	P	P	P
NC	City	0	Low Density		P	P	P	
NC	UGA	0	Low Density					
OS	City	3	Nonresidential	P				
OS	UGA	0	Nonresidential	P				
R/SR	City	465	Low Density	P		P		P
R/SR	UGA	53	Low Density	P				P
SFL	City	2,413	Moderate Density	P		P		P
SFL	UGA	1,923	Low Density	P				P
SFM	City	1,836	Moderate Density	P	P	P		P
SFM	UGA	440	Moderate Density	P	P	P		P
TC-C	City	0	Nonresidential					
TC-MU	City	7	Mid-rise Multifamily				P	

Zone		Capacity	Density Category	Select Housing Types				
				Single-Family	Townhome	2 to 4-Plex	Apartment	ADU
TC-PO	City	0	Nonresidential					
TC-R	City	33	Mid-rise Multifamily				P	
Yelm								
AC	UGA	2	Low Density			P		
C-1	City	91	Mid-rise Multifamily				C	P
C-2	City	58	Mid-rise Multifamily				C	P
C-3	City	15	Mid-rise Multifamily				C	P
CBD	City	99	Mid-rise Multifamily	P		C		P
I	City	0	Nonresidential					P
LI	UGA	0	Nonresidential					
MPC	City	3,776	Low-rise Multifamily	Multiple housing types/densities likely in planned community. Capacity split into two categories for the land capacity analysis.				
		2,000	Moderate Density					
OS/ID	City	0	Nonresidential					
R-16	City	390	Mid-rise Multifamily	P	P	P	P	P
R-4	City	928	Moderate Density	P	P	P	P	P
R-6	City	906	Moderate Density	P	P	P	P	P
RR1/5	UGA	243	Low Density	Single-family, townhome, and ADUs currently permitted. Joint plan allows for higher densities after annexation.				
		250	Moderate Density					
		250	Low-rise Multifamily					
Grand Mound								
AC	UGA	120	Moderate Density	P	P	P	P	P
LI	UGA	0	Nonresidential					
PID	UGA	0	Nonresidential					
R3-6/1	UGA	239	Moderate Density	P	P	P	P	P
R4-16/1	UGA	47	Moderate Density	P	P	P	P	P
County								
HC		0	Nonresidential					
LTA		359	Low Density	P				P
LTF		1	Nonresidential	P				
MEI		0	Nonresidential					
MGSA		724	Low Density	P				P
MR		0	Nonresidential					
NA		0	Nonresidential					
NC		0	Nonresidential					
PP		0	Nonresidential					

Zone		Capacity	Density Category	Select Housing Types				
				Single-Family	Townhome	2 to 4-Plex	Apartment	ADU
R 1/10		209	Low Density	P				P
R 1/20		374	Low Density	P				P
RCC		1	Nonresidential					
RL1/1		836	Low Density	P	P			P
RL1/2		347	Low Density	P	P			P
RL2/1		588	Low Density	P	P			P
RR1/5		257	Low Density	P	P			P
RRI		0	Nonresidential					
RRR1/5		13,817	Low Density	P	P			P
UR 1/5		235	Low Density	P				P