

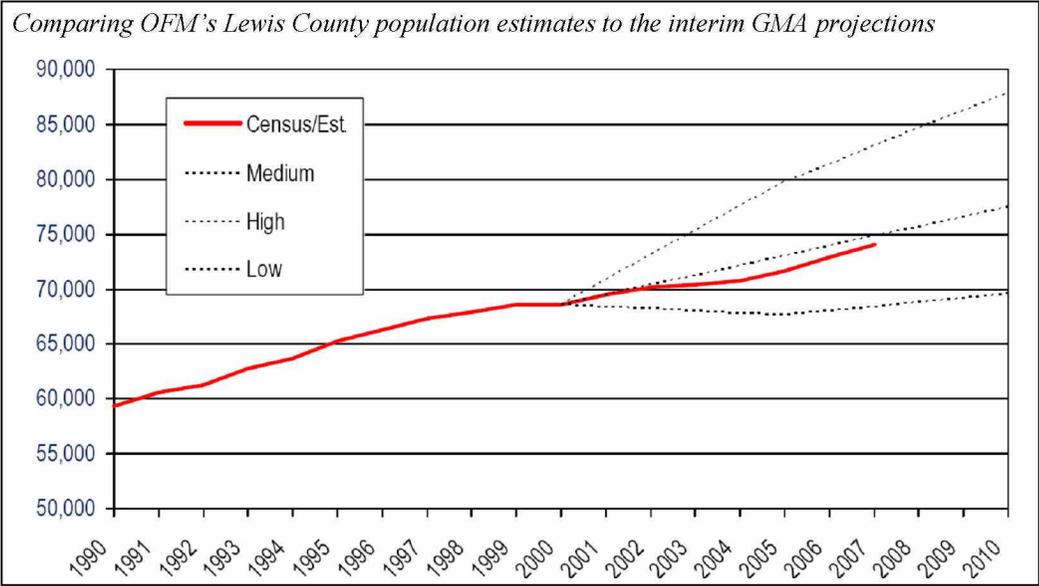
HOUSING PROFILE

INTRODUCTION

This section provides the background documentation that supports the goals and policies in the Housing Element. It summarizes the current conditions and describes the projected housing needs of the County throughout the 20-year planning period. Unless otherwise specified, this profile describes conditions for all of Lewis County including the cities and towns.

POPULATION

Housing demand is a function of population growth and the demographic characteristics of the population. Overall, Lewis County's population grew by 8.5 percent between 1997 and 2007 based on annual estimates produced by the state Office of Financial Management (OFM). This was a numerical increase of 5,800 residents. The official U.S. Census population for 2000 was 68,600. Growth between 1990 and 2000 was 9,242 or 15.6 percent. Between 2000 and the 2007 estimate, 5,500 new residents arrived, an increase of 8.0 percent. The increase is due to a 13 percent-87 percent split between natural increase (births) and migration or movement from other locations. The *average annual increase* for the 10-year period 1990 to 2000 was 1.5 percent while for the 2000-2007 period it was 1.1 percent. The estimated April 1, 2007 population of *unincorporated* Lewis County is 45,073 including the population of the Urban Growth Areas. The population of the incorporated cities was 29,027 not including the UGAs. The following table shows OFM's April 1, 2007 population estimate for each county compared to the intermediate GMA population projection.



A detailed breakdown of the 2006 population is provided by the US Census Bureau's 2006 American Community Survey (ACS). The median age of the population was 38.8 years. Nearly all of the population (98.2 percent) resided in "households" with the remaining 1.8 percent in group quarters, such as group homes or jails. There were 27,230 households, with an average household size of 2.67 persons. Over two thirds (69 percent) of the households were comprised of families. The remaining 31 percent was comprised of single persons living alone. 32.4 percent of the households included children under 18 years of age. Persons over 65 years of age represented 16.2 percent of the county population.

The median household income in 2006 (ACS) was \$41,983. The median family income was \$50,282. Families in poverty status were about 9.7 percent. Incomes include wage and salary earnings, Social Security, Supplemental Security, public assistance, and retirement. *Per capita* income was \$19,592.

Eighty percent (58,949) of the total 2006 population was 16 years and older and considered in the workforce. Of this, 5.5 percent was unemployed.

HOUSING SUPPLY

In April 2007 OFM estimated a total of 33,224 housing units. Most (87 percent) of these were occupied. About 40 percent of the vacant units were considered "seasonal, recreational or occasional use." 65.5 percent of the occupied units were owner-occupied, and the remainder were renter-occupied. Household sizes of owner- and renter-occupied units were 2.75 and 2.45 respectively. 75.2 percent of all units were single-family *detached*. 1.7 percent were single-family *attached*, 2.3 percent were duplexes, and 8.7 percent were in structures of 3 units or more. 12.1 percent of the housing stock was in the form of "mobile homes".

Between 1996 and 2006, the inventory of housing units increased by 4,266 or 15.4 percent, an approximate annual average increase of 1.4 percent. Single family housing production, as indicated by permits issued, averaged about 288 units per year. Since 2000, about 89% of new housing permits were for single family units with multi-family only accounting for 11%. According to the Washington Center for Real Estate Research (WCRER), between the fourth quarter of 2006 and the fourth quarter of 2007, median home prices in Lewis County increased five percent from \$180,000 to \$189,000. This was above the state decrease of 2.5 percent in addition to being well above Pierce County's decrease of 0.5 percent, Cowlitz County's increase of 2.9 percent and Thurston County's increase of 2.3 percent.

The WCRER also tracks the inventory of housing for sale by price range in terms of the estimated number of months of supply that is available as shown below in Table 1. In 2004, 2005, 2006 and 2007, the supply of housing on the market was much lower that it was in 2000. The large (relative) inventory of moderately-priced housing dropped most dramatically although the supply of units in those segments is recovering. In December of 2007, 53.3 percent of all homes for sale were priced below \$250,000 with only 16.5 percent priced below \$160,000.

Table 1 - Estimated Months of Supply of For-Sale Housing

Price Range	3/2000	3/2004	3/2005	3/2006	3/2007	12/2007
Under \$80,000	13.5	3.7	2.1	1.0	1.8	2.2
\$80,000 - \$159,999	31.9	4.5	3.6	1.4	3.5	4.9
\$160,000 - \$249,999	78.0	7.4	5.3	3.2	7.6	10.1
\$250,000 - \$499,999	38.4	14.6	10.5	8.4	14.1	18.0
\$500,000 and above					50.7	52.9
Total Market	36.0	144.0	78.0	34.9		
	27.3	5.6	4.4	3.2	9.6	7.5

Source: Washington Center for Real Estate Research, 4th Quarter 2007
<http://www.wcrer.wsu.edu/>

AFFORDABILITY

The WCRER Housing Affordability Index measures the ability of a middle income family to carry the mortgage payments on a median price home. When the index is 100 there is a balance between the family's ability to pay and the cost. Higher indexes indicate housing is more affordable. Since September 2004, Lewis County middle income families' abilities to pay for housing dropped, although the index was better than in the state and most other neighboring counties. As shown in Table 2, Lewis County middle income families had 163 percent of the

bare minimum income necessary to qualify for a mortgage to purchase homes in their price range in the third quarter of 2004. By the fourth quarter of 2007, that factor had slipped to 110.3 percent. The state's comparable factors were 117.5 percent and 90.5 percent, respectively.

Table 2 - Lewis County Housing Affordability Index

Percentage of needed income that a middle income family has for a median priced home

Year	2004		2005		2006		2007							
Quarter	3 rd	4 th	1 st	2 nd	3 rd	4 th	1 st	2 nd	3 rd	4 th	1 st	2 nd	3 rd	4 th
Index	163	157	160	159	144	127	130	120	103	111	108	105	94.5	110.3

Source: Washington Center for Real Estate Research, 4th Quarter 2007, <http://www.wcrer.wsu.edu/>

Since this analysis includes both first-time and “move-up” buyers, the WCRER also provides an analysis of affordable home purchase prices for selected income groups shown in Table 3:

Table 3 - Affordable Home Purchase Prices for Selected Income/Asset Groups

Income	Affordable Housing Expense (P & I)*	Mortgage Amount	Down Payment	Maximum Home Purchase Price
\$ 25,000	\$521	\$82,401	\$4,337 (5%)	\$86,738
\$ 45,000	\$1,042	\$164,803	\$18,311 (10%)	\$183,114
\$ 70,000	\$1,563	\$247,204	\$61,802 (20%)	\$309,005
\$125,000	\$2,604	\$412,007	\$221,850 (35%)	\$633,857

*Principal & Interest (assumes 6.5%)

Source: Washington Center for Real Estate Research, 4th Quarter 2007, http://www.wcrer.wsu.edu

Another way of looking at affordability is the “30 percent factor” - that is, households should not have to spend more than 30 percent of their incomes to pay their housing costs. The 2006 ACS survey found that 27 percent (5,585) of Lewis County home-owning households, and 44 percent (2,997) of the renter households had housing costs higher than 30 percent of income. This amounts to nearly 32 percent of all households.

Generally, household incomes are characterized as “low”, “moderate”, “middle”, and “upper” where they are respectively 0-50 percent, 50-80 percent, 80-120 percent, and more than 120 percent of the median county income. Using the median household incomes described above, this distribution in Table 4 would result:

Table 4 - Lewis County Household Income Thresholds, 2006

Low Household Income Threshold (0-50%)	\$0 – \$20,992
Moderate Household Income Threshold (50-80%)	\$20,992 – \$33,586
Middle Household Income Threshold (80-120%)	\$33,586 – \$50,380
Upper Household Income Threshold (120+%)	\$50,380+

Source: Washington Center for Real Estate Research, 2nd Quarter 2007, <http://www.wcrer.wsu.edu>

There is a gap between the recent supply of housing and the ability of many households to pay an appropriate proportion of their incomes to own or rent suitable homes. ACS shows the median household income for 2006 to be \$41,983. This means that most of Lewis County’s households were in the market for housing priced below \$184,000, whereas in June 2007 half of the available homes in the county were listed for more than \$250,000.

HOUSING DEMAND

According to OFM, between 2006 and 2025, the population of Lewis County is expected to grow by 17,778. At the 2000 Census average household size of 2.57; this will create a total demand for 6,918 new *occupied* dwelling units. With a vacancy rate of 12.6 percent, as reported in the ACS, the total needed dwelling units would be 7,915. At a steady rate this will mean that more than 416 units should come on line each year. This is fewer than the 529 permits issued in 2005 and the 571 issued in 2006. More than 75 percent of the population growth since the 2000 census has been in the unincorporated part of the county.

It can also be assumed that some of the new housing demand will be created by households with low and moderate incomes. It will be difficult for these households to be accommodated without some level of subsidy or assistance.

AFFORDABLE HOUSING STRATEGY

Over the next twenty years, Lewis County jurisdictions should diversify the housing supply to accommodate all income levels and household demographic conditions. The County and cities should work with the Lewis Council of Governments to amend the Countywide Planning policies and develop strategies to produce an action-oriented program for implementing regulatory,

administrative, and financial measures. This will allow all jurisdictions to prioritize actions that will be most effective in addressing short- and mid-term housing needs, and then shape additional strategies for more long-term, sustainable measures.

Examples of potential strategies include incentives such as:

- density bonuses for providing affordable housing;
- taking additional action to support development of accessory dwelling units;
- adopting special regulations for senior housing and housing for persons with special needs;
- reviewing regulatory provisions to expedite permitting;
- using surplus land for housing;
- supporting a shared housing program; and
- supporting regional efforts to provide affordable housing.

MANUFACTURED HOUSING

Manufactured housing, constructed in a factory with construction standards set and enforced by HUD, contributes to the diversity of housing opportunities and can be more affordable than site built homes since it takes advantage of mass-production economies. State law mandates that manufactured housing must be permitted on individual residential lots where site-built houses are permitted.

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