

DRAFT Housing Needs Assessment

Housing Action Plan City of Yelm

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January 2023



Housing Needs Assessment

Project Information

Project: Housing Action Plan

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Introduction

A Housing Needs Assessment (HNA) is a tool for communities to understand the way that their unique demographics, housing stock, economy, and available land determine current and future housing needs. By analyzing each of these components, the HNA can show important gaps between the housing needs of residents and the available housing in a community. Once these gaps have been identified, a plan for mitigating them to ensure access to housing for all economic and demographic segments of a community can be developed.

Issue Statement

Yelm is a predominately white, military-based, community of 10,205 people with unique housing needs and challenges stemming from its military-personnel economy and demographics. Yelm faces an exponential growth projection, leading to a need for higher density and additional new housing units to balance the supply and demand of housing stock as the city grows.

Off-Base Military Households

Joint Base Lewis-McChord (JBLM) is situated just north of the City, and heavily influences the City's population and future economic planning efforts. Yelm's Comprehensive Plan requires consideration of JBLM staffing levels, housing demand and any anticipated transitioning of military personnel to civilian life, according to the 2020 JBLM Off-Installation Housing Study. As a part of this requirement, and in recognition of the increase in housing demand due to military personnel living off the installation, this assessment separates out military households in an effort to better understand future needs of the City's housing stock. Military households are discussed in further detail in this assessment under Off-Base Military Households.

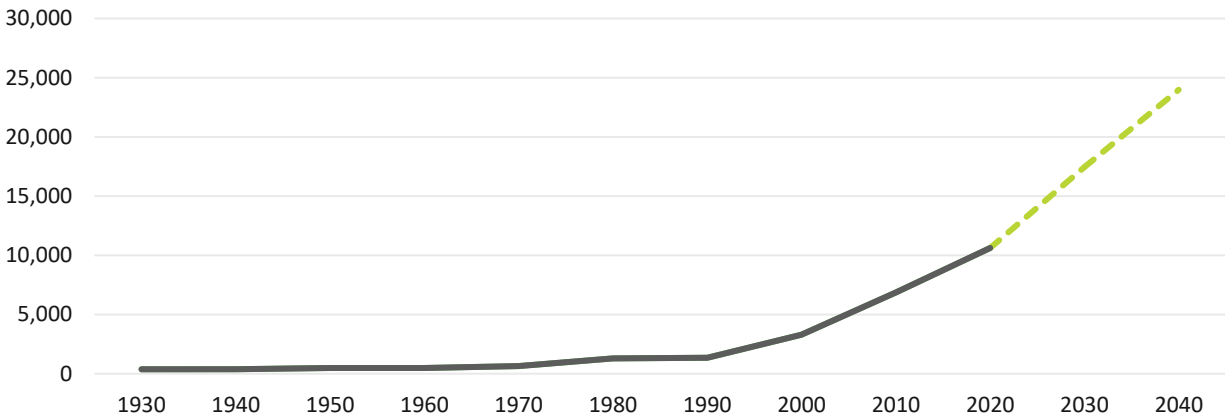
Community Profile

The Community Profile discusses Yelm's current and future population and the age, race, and ethnicity of residents. It also discusses the size, income, and characteristics of the City's households, as well as households with specific needs and risks, including cost-burdened households. These demographic and household characteristics provide background and context for the types of housing required to better serve all Yelm's current and future residents.

Population and Demographics

Historic and Future Population

Figure 1. Yelm Historic and Future Population (1930 – 2040)



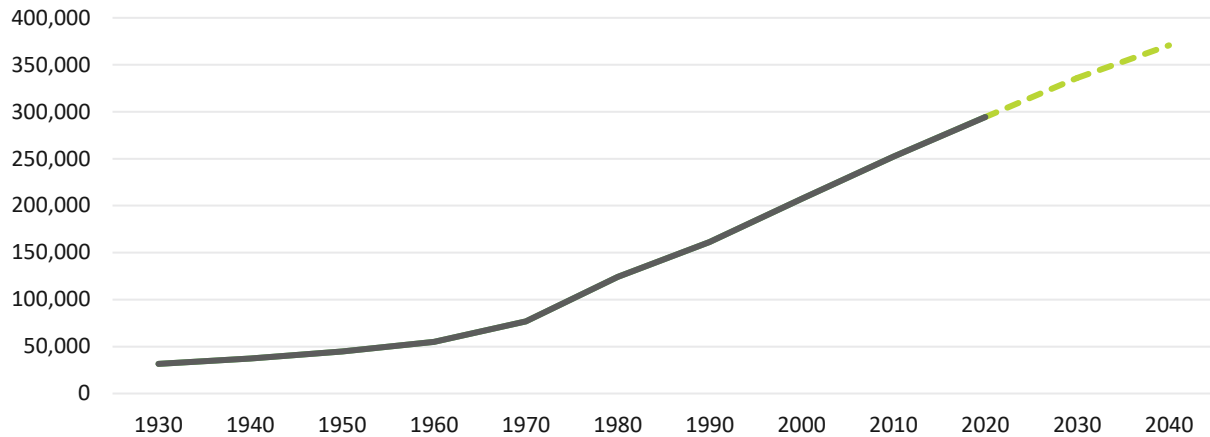
Source: Washington Office of Financial Management (OFM), TRPC Population Forecast Allocations

The City of Yelm was incorporated in 1924 and the 1930 Census showed a population of 384 people. The population remained below 1,000 until the 1980s when it began to grow rapidly, as shown in Figure 1, with a 689% increase from 1980 to 2020, an annual growth rate of 17 percent. Currently, the population sits around 10,250, with rapid growth projected into 2030 and 2040. This amounts to an estimated population growth of just under 24,000 residents by 2040.

Washington’s Office of Financial Management (OFM) uses the Housing Unit Method to estimate populations for cities and towns. The Housing Unit Method is described as “change in population estimated from change in housing since last census. Average person per house (PPH) and occupancy rates applies to updated housing by type of housing (i.e. single family, duplexes, 3-4 Unit Structures...). Population in Group Quarters facilities such as prisons, mental hospitals, and nursing homes, is estimates separately and added to the household population for the area total” (Office of Financial Management).

To estimate the future population for the November 2022 data release, OFM looked at Migration, Natural Increase, COVID mortality, and other components of population change.

Figure 2. Thurston County Population (1930 - 2040)

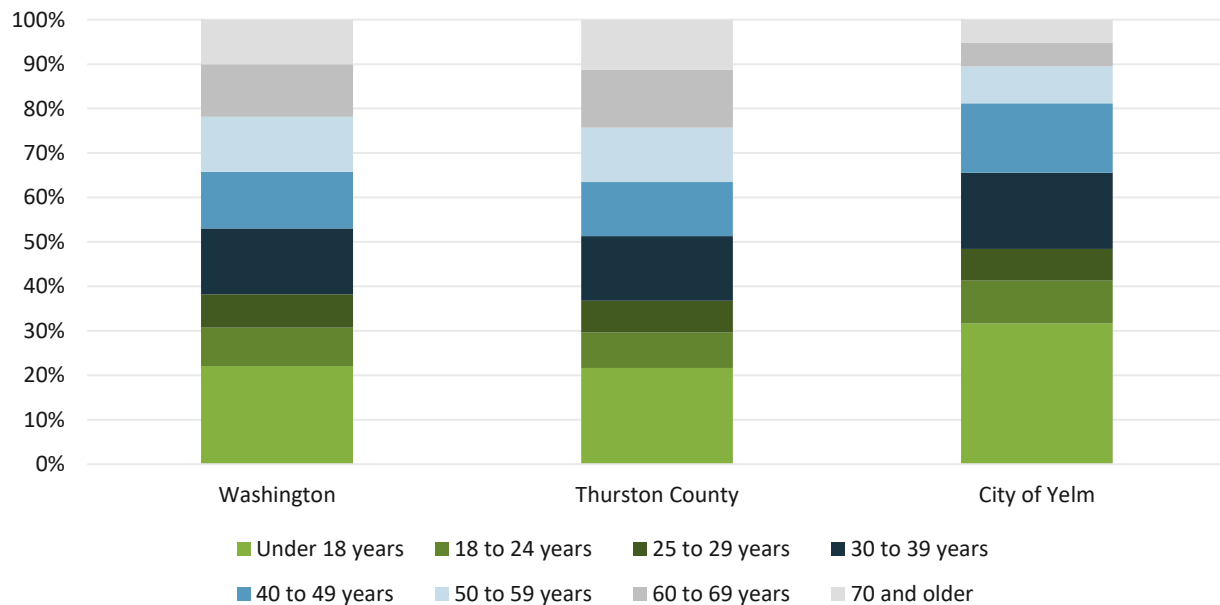


Source: Washington Office of Financial Management (OFM)

Thurston County’s population growth is strongly connected to the City of Yelm’s population and JBLM’s staffing due to the proximity of the base’s East Gate to State Route 507. Figure 2 shows a steady historic increase in the County population, though there is a small, accelerated uptick in 1980 which mirrors the growth within the City of Yelm.

Age and Race/Ethnicity

Figure 3. Age Distribution in Yelm (2021)

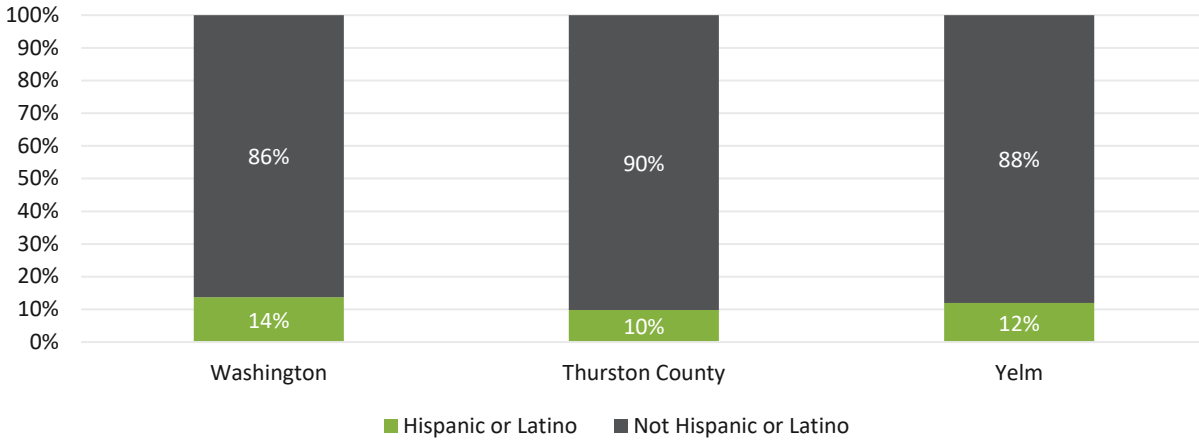


Source: 2021 American Community Survey (ACS) 5-year Estimates, Table S0101

The population of Yelm is significantly younger than Thurston County or Statewide demographics show. Almost one out of every three residents are under 18 years old and 81% of the population is under 49

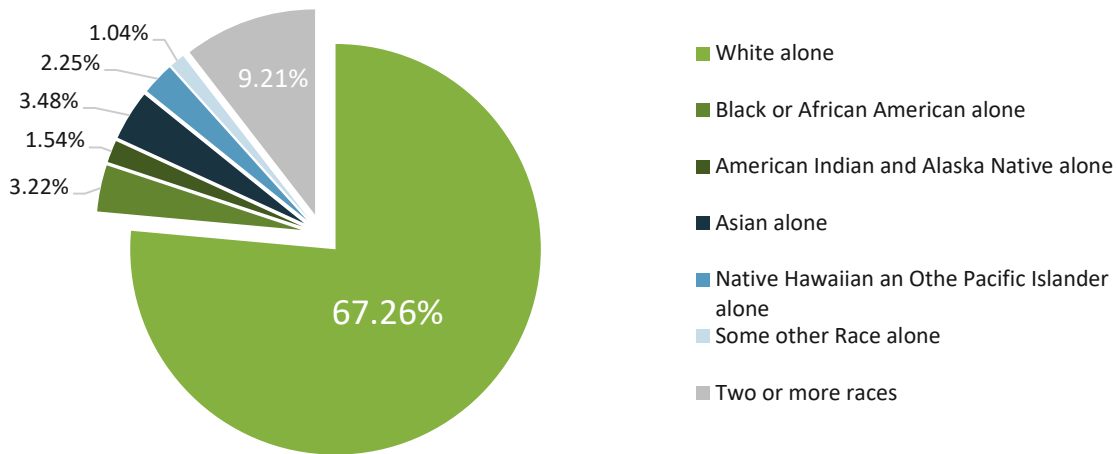
years of age. Yelm also has a smaller percentage of individuals 50 years or older, with 18.8% of the population compared to the County and State, at 36.2% and 34.2% respectively. Reflected in Figure 3, the high number of families (as discussed further in the Household Characteristics section below) and proximity to JBLM combine for a statistically younger population which has important implications for housing needs in the City.

Figure 4. Ethnicity in Yelm (2020)



Source: 2020 Decennial Census, Table P2, 2020 U.S. Census

Figure 5. Not Hispanic or Latino Ethnicity in Yelm (2020)



Source: 2020 Decennial Census, Table P2, 2020 U.S. Census

As shown in Figures 4 and 5, Yelm’s population is predominately non-Hispanic, with approximately two-thirds of the population identifying as non-Hispanic white. Hispanic/Latino residents make up around 12% of the population.

Household Characteristics

Household Size, Type, and Tenure

The U.S. Census Bureau defines a household as “all the people who occupy a housing unit”. Households can be comprised of any combination of related family members, unrelated people, or individuals. The 2020 American Community Survey estimated 2,900 households in Yelm.

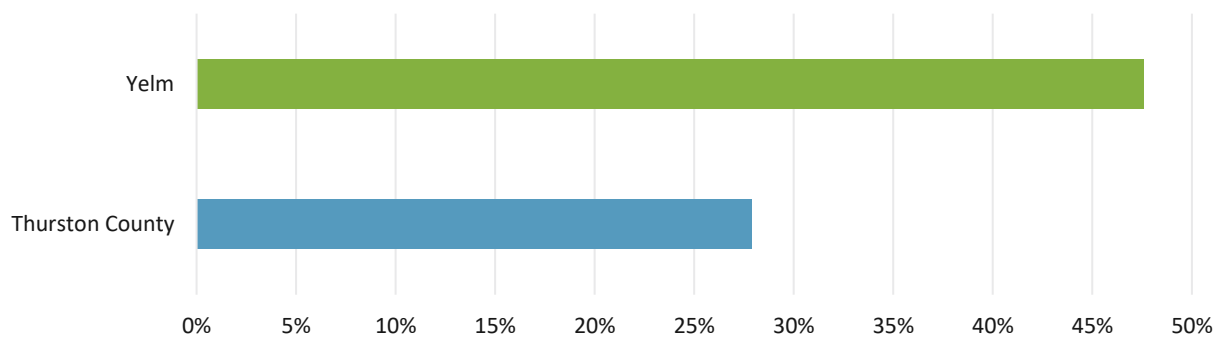
Table 1. Household Types in Yelm with Regional Comparison (2021)

Household Type	City of Yelm		Thurston County	
	Total	Percent	Total	Percent
Total Households	3,166	100%	114,556	100%
Family Households	2,515	79.4%	75,621	66.0%
Married-couple family	1,925	60.8%	58,376	51.0%
Other family	590	18.6%	17,245	15.1%
Nonfamily Households	651	20.6%	38,935	34.0%
Householder living alone	545	17.2%	29,141	25.4%
Householder 65 years and over	0	0%	1,104	1.0%

Source: 2021 American Community Survey (ACS) 5-Year Estimates, Table S2501

As shown above in Table 1, a majority of households in Yelm are family households with approximately 76% of those being married couples who manage the household, who may or may not have related or unrelated children. This follows from the City’s high percentage of families as discussed above, and the overall age demographics as seen previously in Figure 3 and discussed below.

Figure 6. Percentage Households with Own Children under 18 in Yelm (2021)

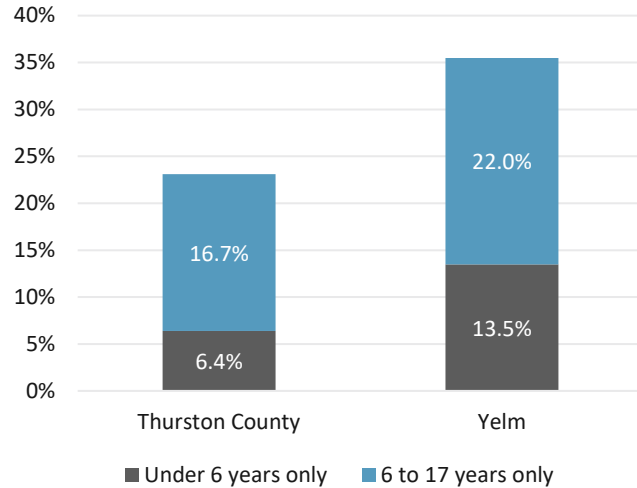


Source: 2021 American Community Survey (ACS) 5-Year Estimates, Table S2501.

Reflected in Figure 6, above, nearly half of Yelm’s residents have children under the age of 18 in their household. This is more than 20% higher than the Countywide percentage, coinciding with the data presented in Table 1 showing a large percentage of family households in Yelm.

Additionally, Yelm has a larger percentage of very young families (families with one or more children under the age of 6). With more than double the County percentage of children under 6, young families typically face a burden of having a one-income household or high childcare costs in addition to housing expenses (Figure 7, left).

Figure 7. Regional comparison of Children in Households by Age-range (2021)



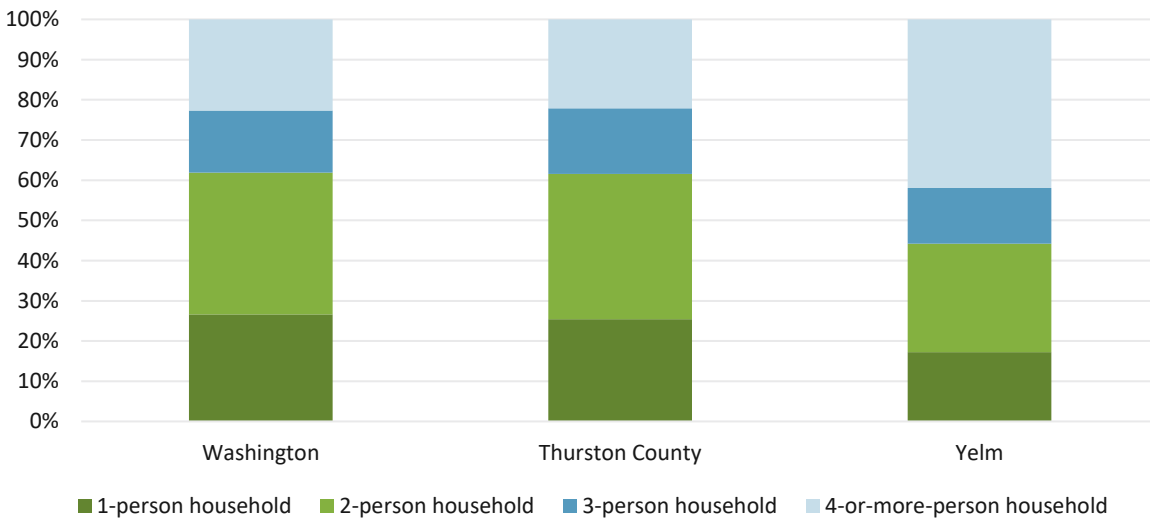
Source: 2021 American Community Survey (ACS) 5-Year Estimates, Table S2501

Yelm’s household data from the 2021 American Community Survey (Table S1101) states that the average family size is 3.63 compared to 3.08 for Thurston County.

Renter-occupied housing also has a higher rate of multiple occupants per room as compared to owner-occupied housing (8.0% vs. 0.6%, respectively). Households averaging more than one occupant per room are considered overcrowded, meaning that renters are in smaller housing units than what may be desired.

When compared regionally, Yelm’s household sizes are much larger, as reflected in Figure 8, with 56% of households comprised of three or more people, compared to 38% statewide. Conversely, only 17% of households in Yelm are one-person households. Given the data on non-family households and occupants per room discussed previously, the City’s households are primarily family households made up of 3 to 4-or more persons. In these households, the house is typically maintained by a married couple who have young children.

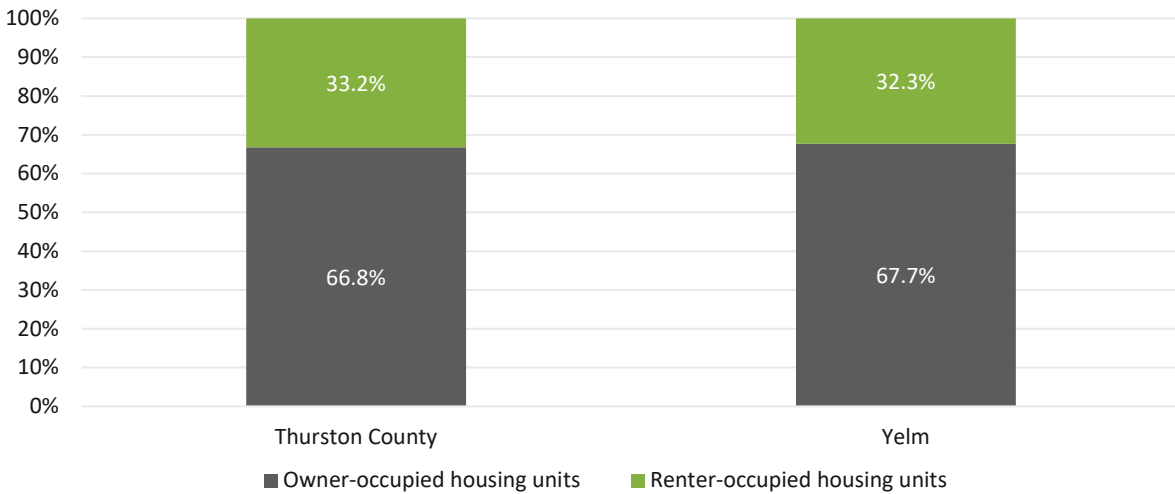
Figure 8. Yelm Household Size with Regional Comparison (2021)



Source: Source: 2021 American Community Survey (ACS) 5-Year Estimates, Table S2501

As compared to Thurston County, data for Yelm show the tenure is fairly average, where approximately two-thirds of the population own and occupy their homes, and the remaining third rent, as reflected in Figure 9. Military households have been known to purchase homes when they move stations to ensure equity in the housing market. This is also typical because military personnel receive a monthly housing stipend, discussed further in the Off-Base Military Households section of this report.

Figure 9. Tenure in Yelm (2021)

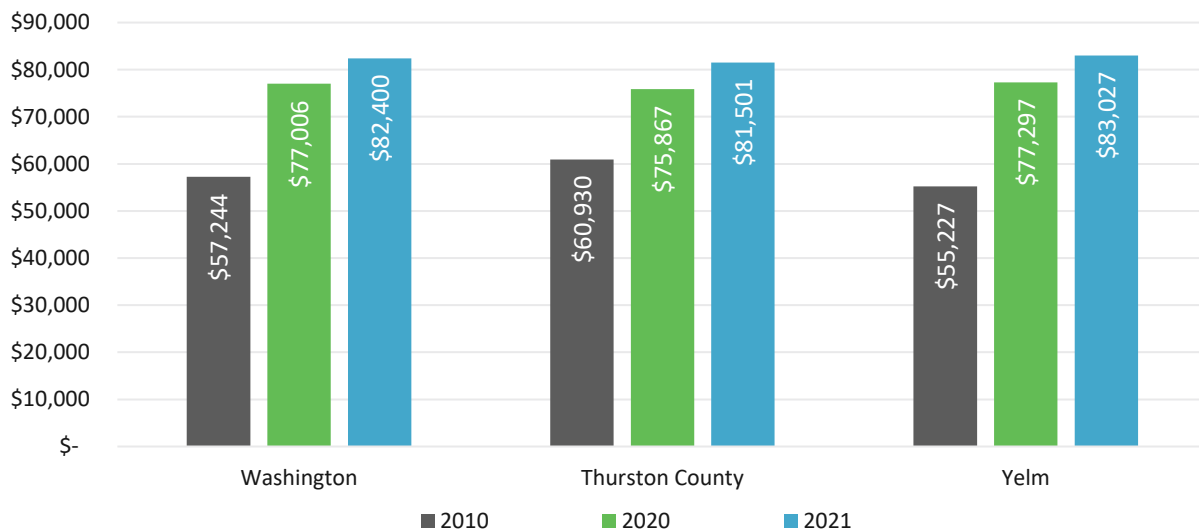


Source: 2021 American Community Survey (ACS) 5-Year Estimates, Table S2501

Household Income

The Median Household Income (MHI) in Yelm is \$83,027. When adjusted for inflation, this represents a 50% increase between 2010 and 2021. While this is similar to County and Statewide incomes, the MHI in Yelm increased at a faster rate than that of the County over this time period by more than 16%. Renters earned significantly less than homeowners in Yelm. When analyzed separately, the MHI for homeowners in 2021 was \$92,519 compared to \$48,634 for renters – almost \$44,000 less, annually.

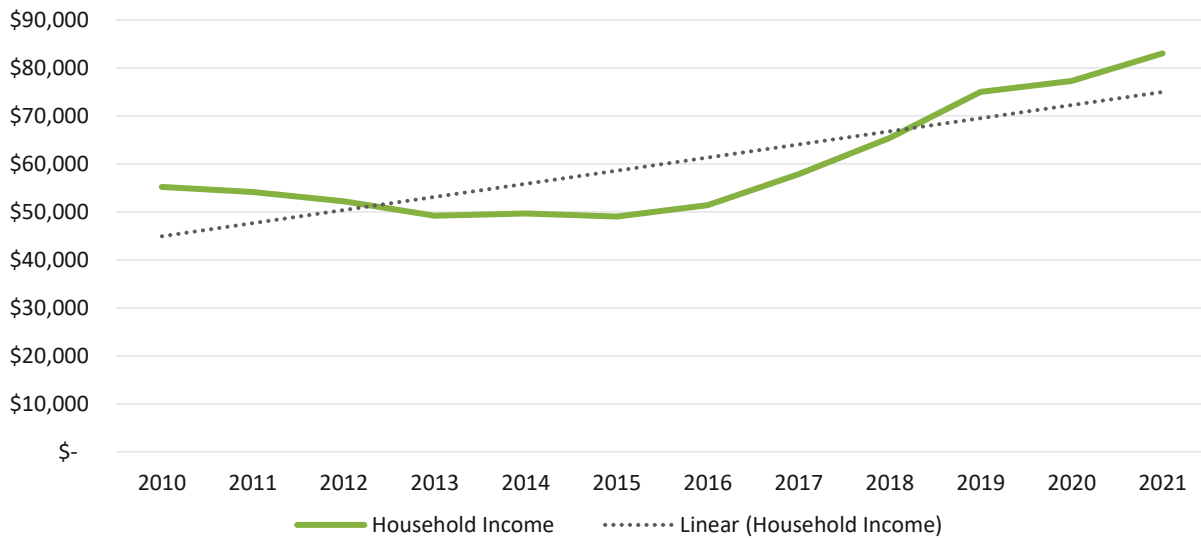
Figure 10. Inflation-Adjusted Yelm Household Income with Regional Comparison (2021)



Source: 2010, 2020, 2021 American Community Survey (ACS) 5-Year Estimates, Table S2503

While there has been an overall increase in MHI over the past decade, Yelm’s household incomes initially decreased between 2010 and 2014 before climbing steadily from 2015 to 2021. This previous decline may be attributed to the 2008 recession which caused the number of available employment opportunities to decline.

Figure 11. Inflation-Adjusted Yelm Household Income (2010-2021)



Source: 2010-2021 American Community Survey (ACS) 5-Year Estimates, Table S2503

Off-Base Military Households

According to the Joint Base Lewis-McChord (JBLM) Off-Installation Housing Study, conducted by the South Sound Military & Communities Partnership in 2020, the region surrounding the military base is experiencing a shortage of housing stock. The biggest concerns for service members when considering housing, are quality, availability, and location.

Affordability is not as large of a concern because service members are provided what is known as a Basic Allowance for Housing (BAH). This is an allowance provided by the government to contracted military personnel to offset the cost of housing when the service members do not receive government-provided housing (on-base housing). The allowance amounts do vary, but typically range from \$1,578 – \$2,664 without dependents, and an additional \$141 – \$639 with dependents. The U.S. Department of the Army’s mission-readiness goals require that service members be at their post within a 30-minute notice; because of this, housing costs rise, and availability decreases within this boundary. These impacts on the housing market are exacerbated when service members first arrive at JBLM, as the typical time they have to secure housing is around 10 days. Additionally, most service members live off-base (75%), and 74% of survey respondents rent versus purchase a home. More than half of the respondents were with the E1 to E5 rank, and were married (82%), with a child or children in the household (53%).

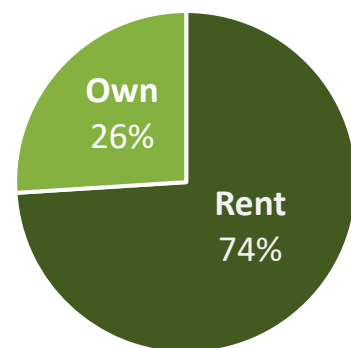
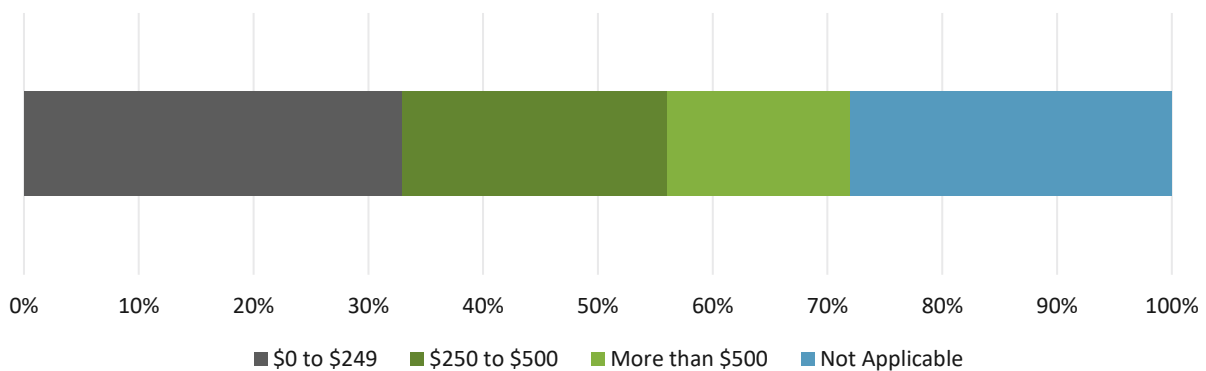


Table 2. JBLM Basic Allowance for Housing for E1 to E5 (2022)

Rank	Title	Basic Allowance for Housing	
		No Dependents	Dependents
E1	Private	\$1,578	\$2,034
E2	Private 2nd Class	\$1,578	\$2,034
E3	Private First Class	\$1,578	\$2,034
E4	Corporal or Specialist	\$1,578	\$2,034
E5	Sergeant	\$1,764	\$2,205

Source: 2022 Department of Defense Travel Allowances, BAH Rate Lookup

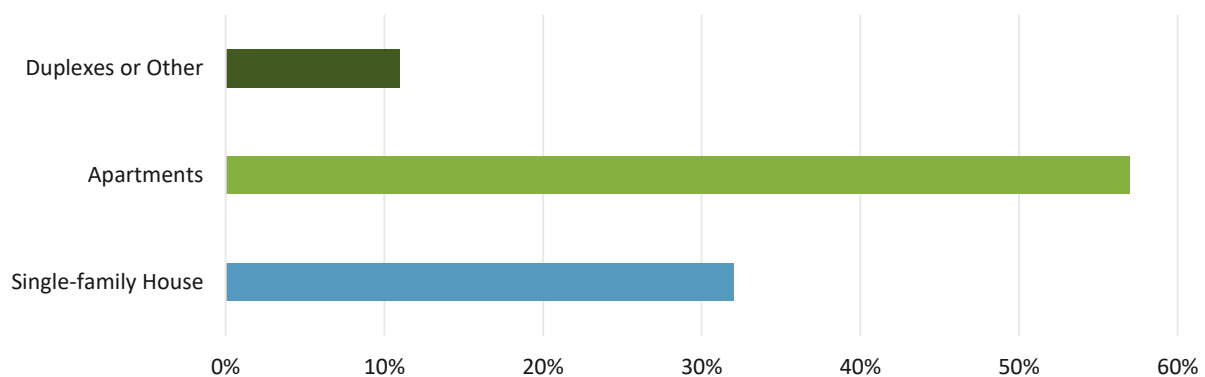
Figure 12. Percentage Service Members with Housing Costs over BAH (2020)



Source: 2020 JBLM Off-Installation Housing Study, Pg. 24 & Pg. 29; Chart: SCJ Alliance

The JBLM Off-Installation Housing Study indicates that service members generally try to find housing that allows their total costs (rent/mortgage and utilities) to be paid entirely by the BAH. Table 2, above, shows the allowance listed for service members with the E1 through E5 rank. These service members are typically looking for apartments or single-family homes that they can own or rent, for less than \$1,578 to \$2,205, a month. As shown in Figure 12, most of these households pay more than what the BAH covers, with some spending an additional \$500 or more a month to live in the vicinity of JBLM.

Figure 13. Percentage of Service Members in Off-Base Housing, by Type (2020)



Source: 2020 JBLM Off-Installation Housing Study, Pg. 29; Chart: SCJ Alliance

As part of the service member survey conducted for the JBLM Off-Installation Housing Study, service members were asked what type of housing they reside in. Two-thirds of the respondents lived in apartments or other type of multi-family residential unit, with the remaining one-third in single-family residences.

Household Needs and Risk

Low-Income and Cost-Burdened Households

The U.S. Department of Housing and Urban Development (HUD) calculates income thresholds to determine eligibility for subsidized affordable housing units. The thresholds are calculated for Metropolitan Statistical Areas (MSA), in this case the area encompassing Olympia-Tumwater, WA, to include parts of Thurston County. The FY 2022 Median Family Income was \$103,500, according to HUD, however the 2021 American Community Survey (ACS) lists Yelm’s as \$86,292. Table 3 shows the 2022 Thurston County HUD Income Limits for low, very low, and extremely low-income households making 80%, 50%, and 30% of the AMI, respectively.

Table 3. Olympia-Tumwater Metro Area (Thurston County) 2022 HUD Income Limits (\$)

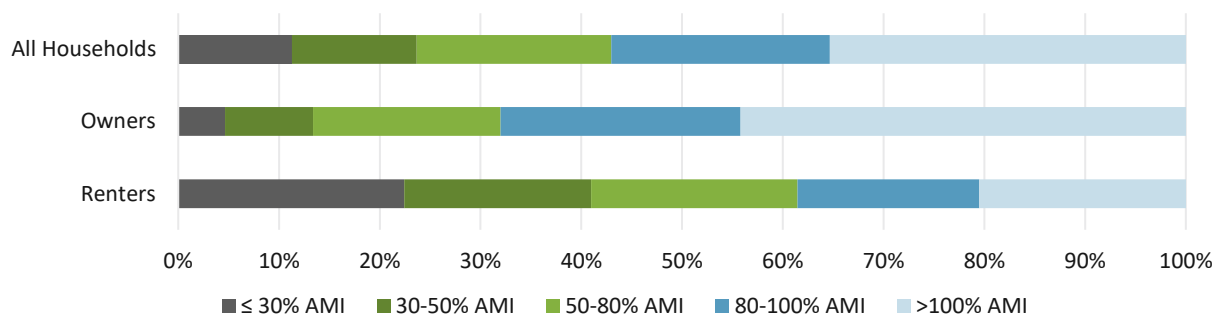
Household Income Level	1-person household	2-person household	3-person household	4-person household	5-person household
Extremely Low Income (30% AMI)	21,200	24,200	27,250	30,250	32,700
Very Low Income (50% AMI)	35,350	40,400	45,450	50,450	54,500
Low Income (80% AMI)	56,500	64,600	72,650	80,700	87,200

Source: HUD

Figure 14 shows a breakdown of Yelm’s households by income level and tenure. Overall, about 42% of Yelm households are earning less than 80% AMI, a common threshold for subsidized housing eligibility. As discussed previously, renters earn overall lower incomes than homeowners, with 61% of rental households earning under 80% AMI compared with 33% of ownership households, and over four-times as many rental households earning under 30% AMI as ownership households.

Households with income at or below 30% AMI qualify to receive rental assistance through HUD’s Section 8 program; however, students and individuals under the age of 24 do not typically qualify for assistance.

Figure 14. Household Incomes in Yelm (2019)

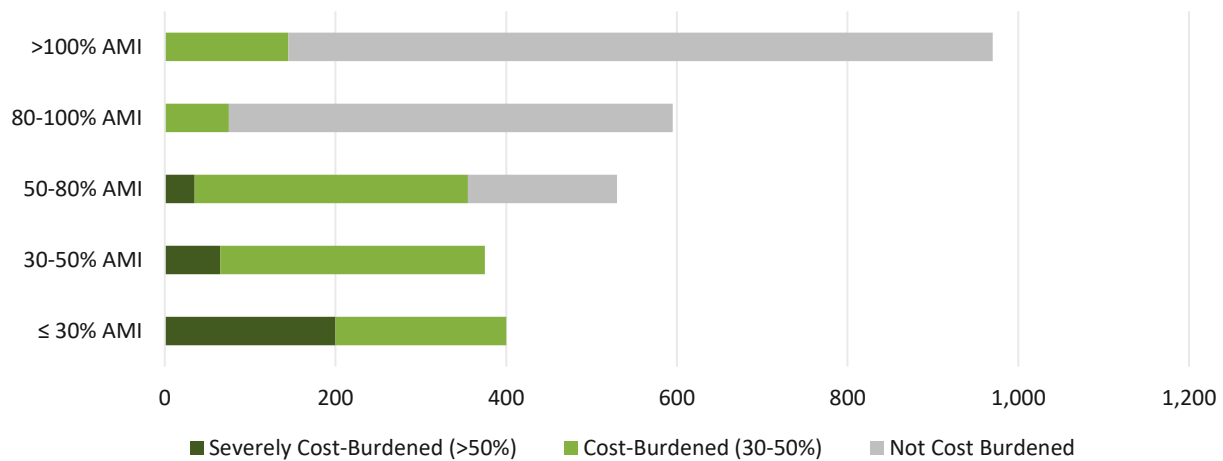


Source: HUD Comprehensive Housing Affordability Strategy (CHAS)

In addition to income, HUD uses a measurement of “cost burden” to further determine which subset of a community’s residents are most in need of housing support or most at risk of displacement or housing hardship. A household is “cost-burdened” if they are spending more than 30% of their monthly income on housing costs (including rent and utilities). A “severely cost-burdened” household spends more than 50% of its monthly income on housing costs.

Figure 15 shows that Yelm’s most cost-burdened households are also those earning the lowest incomes. The majority of households earning less than 30% AMI are also severely cost-burdened. Overall, nearly 30% of Yelm’s households are severely cost-burdened. These households can face difficult choices between prioritizing spending on housing and other household needs such as food and health care.

Figure 15. Cost-Burdened Households in Yelm (2019)



Source: HUD Comprehensive Housing Affordability Strategy (CHAS)

Housing Inventory

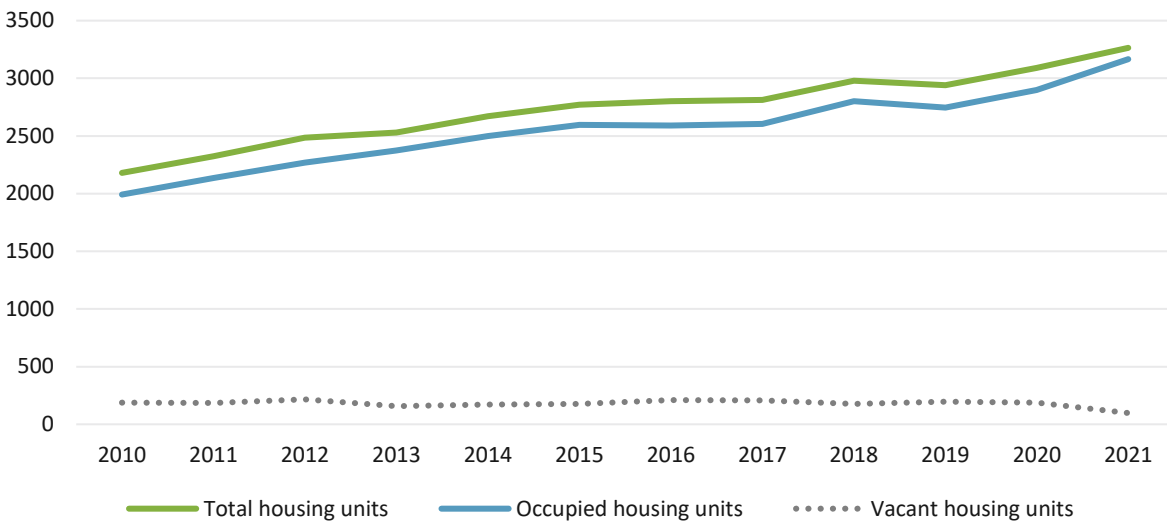
This section discusses the type and age of Yelm’s existing housing stock, current and future housing production, and trends in ownership and rental housing costs in the City. It also identifies special housing types in Yelm, including subsidized affordable units and senior housing. An inventory of the existing housing creates a baseline for future planning and identifies important trends.

Housing Characteristics

Housing Units, Production and Vacancy Rates

The 2021 ACS count of housing units in Yelm was 3,264 of which 3,166 were occupied. As shown in Figure 16, the total number of housing units in Yelm has risen steadily and in tandem with the number of occupied units. Yelm has done well in providing for housing needs over the last decade, averaging 99 units per year since 2010, with an increase of 107 additional *occupied* units per year. These statistics show that demand for housing remains strong and despite the pace of new residential units being brought into the market, Yelm’s available housing inventory is starting to get tight.

Figure 16. Housing Units in Yelm (2010-2021)

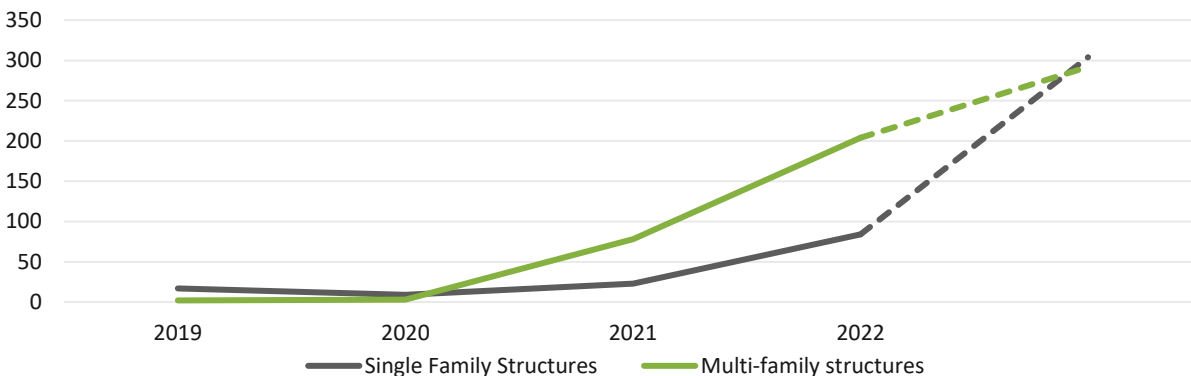


Source: 2010-2021 American Community Survey (ACS) 5-Year Estimates, Table DP04

Data from the 2021 ACS (U.S. Census, Table S2504) shows that most of the occupied units in the city are detached single-family homes, occupied by both owners and renters. Homeowners mostly live in single-family homes, with a smaller portion in mobile homes, and renters primarily live in apartment buildings (not including duplexes, triplexes, or quadplexes).

Figure 17 breaks down recent construction between single-family and multi-family units as reported by City of Yelm Community Development. The figure considers development per unit and not per structure, therefore multi-family will typically always show higher permit activity with any construction when compared to development of single-family homes. The figure shows projections associated with current permits under review and likely to be approved prior to the end of FY 2022.

Figure 17. Yelm Residential Permit Activity (2014-2021)



Source: City of Yelm

Beginning in 2020, permit activity for development of single-family structures in the City of Yelm started to slowly increase, which coincides with the development of the Master Planned Community (MPC) in the East side of the city. This planned community has an anticipated 1000+ residential units and has moved forward in tandem with the increased housing demand. While a large majority of the MPC is planned single-family residential units, the City of Yelm’s approval conditioned that the developer is also

required to construct multi-family residences. This is one of the City’s ways of ensuring compliance with the Washington State Growth Management Act (GMA) by encouraging a variety of different housing types within city limits.

Type, Size, and Age of Units

Yelm’s housing stock is comprised primarily of single-family homes, as shown in Figure 18, making up more than 77% of the total stock. A majority of the remaining 23% are apartment buildings with 20 or more units, along with a smaller share of 5-to-9-unit apartments, duplexes, triplexes, and quadplexes. This housing mix reflects the growth of the family-oriented military population as discussed in the Household Characteristics section of this report, and its demand on the housing market.

Figure 18. Units in Structure, Yelm (2021)

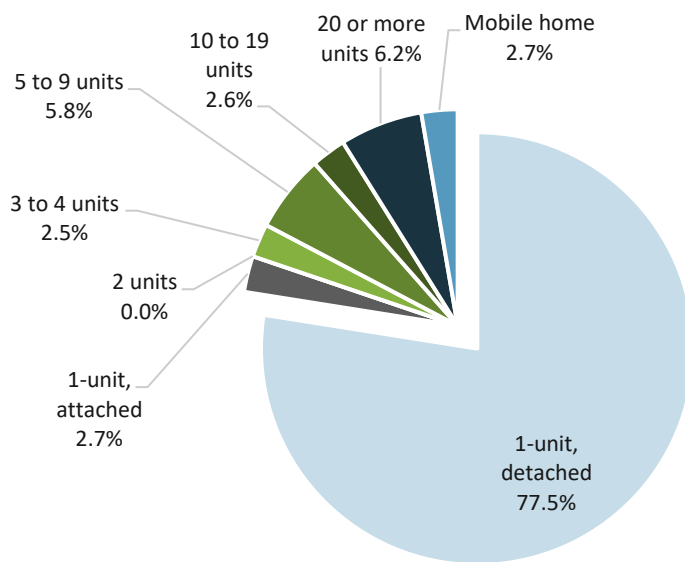
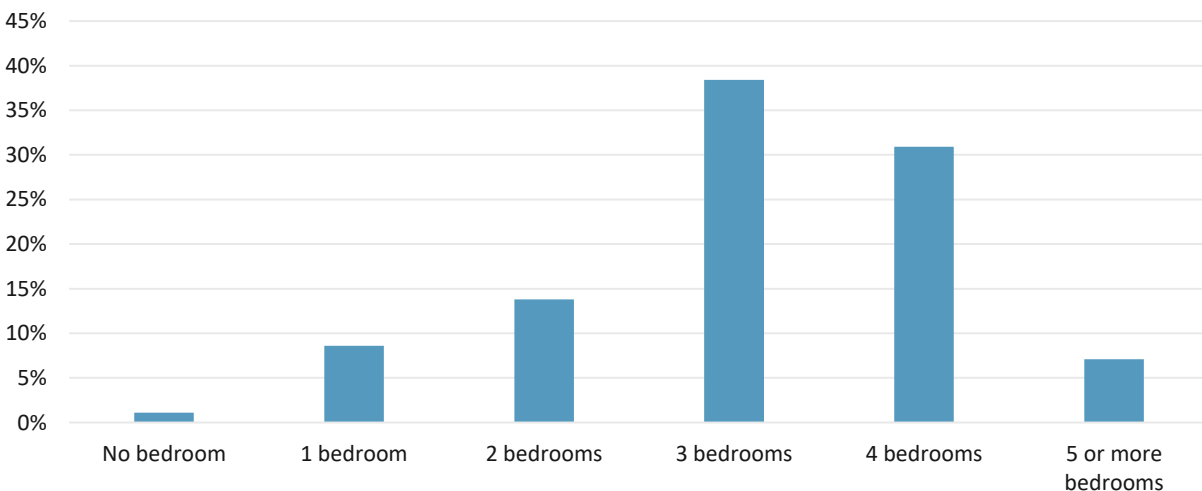


Figure 19, below, helps to display the size of residential units within Yelm. This is an important consideration because unit size helps to assess how well the housing stock meets the needs of the community. In this case, a majority of the housing stock is comprised of units with at least 3 to 4 bedrooms. With the average household size for Yelm at 3.22 persons per unit, this means that Yelm does not have an issue of overcrowding within the predominate single-family residential structures. Overcrowding is determined if an average household has more than one occupant per room.

Source: 2021 American Community Survey (ACS) 5-Year Estimates, Table DP04

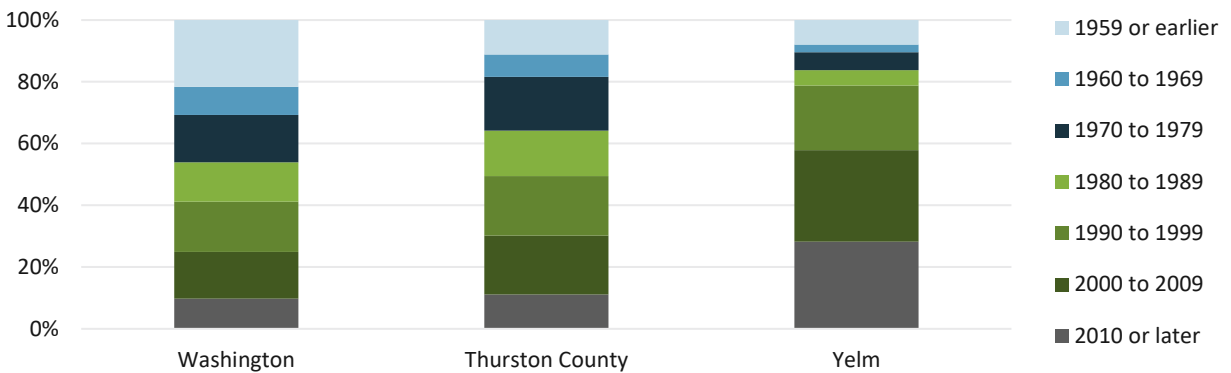
Figure 19. Housing Units by Number of Bedrooms (2021)



Source: 2021 American Community Survey (ACS) 5-Year Estimates, Table DP04

The housing in Yelm is relatively evenly distributed between older and newer structures, as shown in Figure 20. Just over 16% of the residential buildings in Yelm are considered historic, meaning they were built more than 50 years ago. Though this is significantly less than the Thurston County region, this is likely due to the more recent growth and population boom in the 1990s. Older buildings may contain lead paint and present ongoing maintenance problems, and older housing stock can also provide a source of naturally occurring affordable housing units as they are smaller and often more centrally located to existing centers served by transit and commercial services. There is also a larger share of buildings constructed since 2000.

Figure 20. Age of Housing in Yelm (2021)

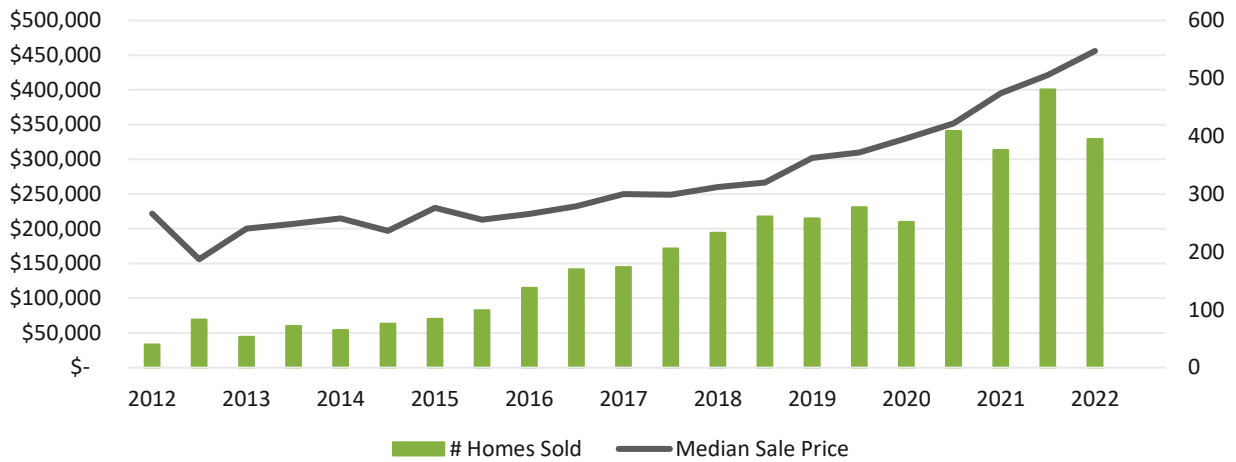


Source: 2021 American Community Survey (ACS) 5-Year Estimates, Table DP04

Housing Cost

Both rental and homebuying costs have increased in price over the past decade, and sales prices have increased particularly fast since the onset of the COVID-19 pandemic. Figure 21 shows Yelm’s median sales prices over the past decade. Overall, the trendline shows a steady increase in housing cost with a noticeable stagnation in 2020 and then acceleration upward in January 2021. Zillow’s Home Value Index, which estimates the typical home value for a region, estimates the cost to purchase a home in Yelm at \$456,043 as of July 2022.

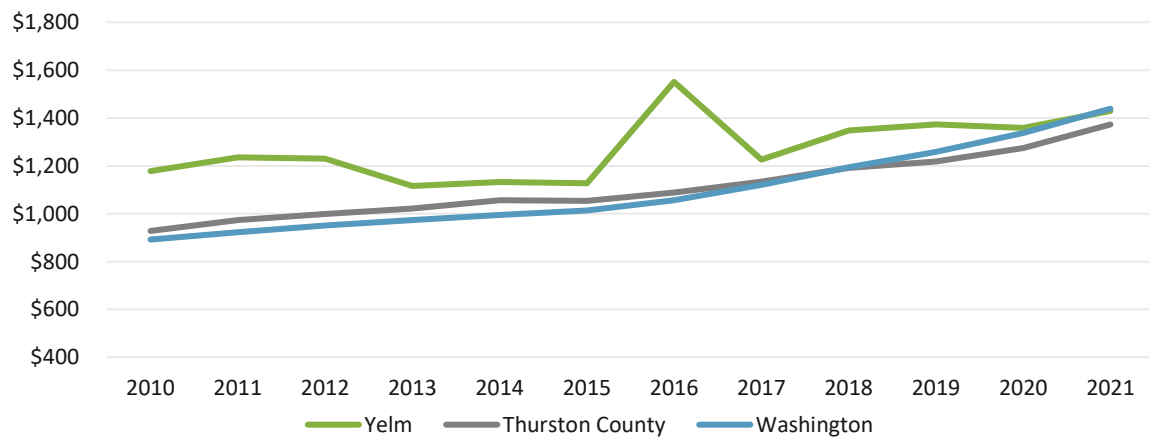
Figure 21. Median Sales Price vs Number of Sold Houses in Yelm (2012-2022)



Source: Thurston County Assessor’s Data, 2022 (through June 2022)

Rent cost is significantly more difficult to track, particularly for smaller geographies. Census data on rents is both delayed and self-reported and large real-estate websites do not track rent costs well for smaller communities. However, the Census data can provide a window into larger trends. In Yelm, rent costs are broadly similar to those in Thurston County as a whole and have been increasing at a similar rate. Both County and City rent costs have not increased as quickly as they have Statewide, as shown in Figure 22. The 2020 ACS reports the Median Gross Rent in Yelm to be \$856, with an increase of 35% since 2010.

Figure 22. Inflation-Adjusted Median Gross Rent in Yelm with Regional Comparison (2010-2021)

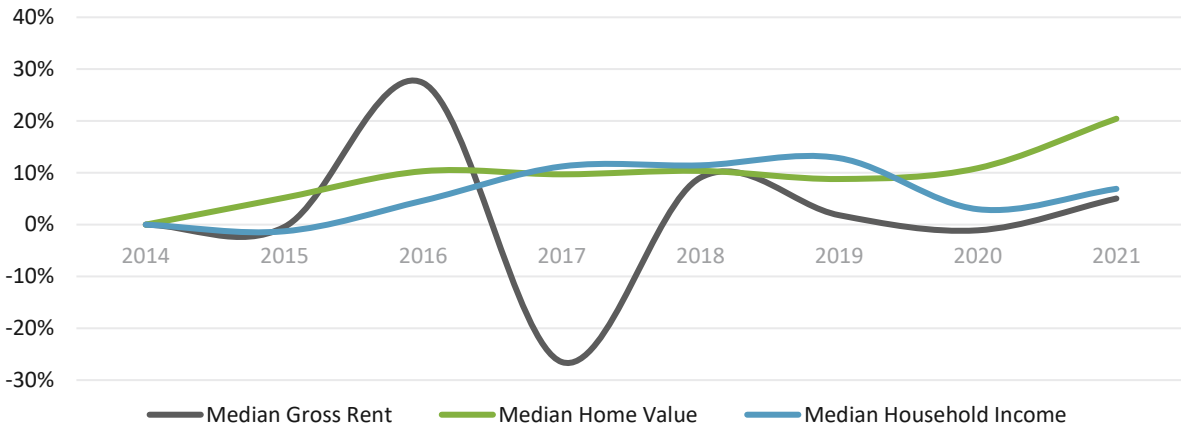


Source: 2010-2021 American Community Survey (ACS) 5-Year Estimates, Table DP04

Comparing rent prices, home prices, and incomes can provide a window into better understanding housing affordability in the community. Figure 23 takes 2014 as a baseline year and shows the change in each indicator over a 7-year period. After a brief dip in home values and income between 2014 and 2015 home values soared at twice the rate of Median Household Income, while the cost of rent fluctuated but stayed under 5% annual increase over the past decade. In 2017, Income and Home Values stayed steady as the cost of rent decreased. This brief decline in rent is likely due to an anomaly in the data, as median values can fluctuate greatly in a small market. Housing affordability and availability are also affecting

communities across Thurston County, as demonstrated by the University of Washington Center for Real Estate Research that shows the countywide Housing Affordability Index (HAI) falling since 2020.

Figure 23. Change in Rent, Home Value, and Income in Yelm (2014-2021)



Source: 2014 - 2021 American Community Survey 5-Year Estimates, Tables S2503, DP04, Zillow

Special Housing Inventory

Special Housing Inventory includes Group Homes and Care Facilities, Income-Restricted Housing, and Senior Housing options. According to the 2020 Decennial Census there were no members of the population identified as residing in an institutionalized facility within the City of Yelm.

Income-Restricted Housing

Income-restricted housing includes complexes and apartment communities that provide affordable housing options for low-income families, elderly, or developmentally delayed individuals. The reduction of cost to the renter is typically provided through subsidies paid to the complex or community by both local and federal government agencies.

Table 4. Low Income Housing Availability

Low Income Housing	Total Low-Income Units	Assistance Type
Killion Court (Killion Court)	20	18 Rent Assisted
Prairie Run Apartments (Mountain View Rd)	31	12 Rent Assisted
Salmon Run Apartments (Vancil Rd)	39	Income Based Housing Choice Voucher
Preservation Portfolio (Killion Court)	106	Housing Choice Voucher
Rainier Apartments (Edward Street)	44	Subsidized 21 Rent Assisted
Orchard Apartments (McKenzie Ave SW)	32	Subsidized
Krislen Apartments (Cullens Rd SE) - Subsidized	20	55+ Subsidized

Source: HUD LIHTC Database, Affordable Housing Online, PolicyMap, HelloSection8

Senior Housing

There are multiple types of senior housing, typically assessed at the different stages of care that a senior citizen may need. These types include senior living community (independent living), assisted living, memory care, and rehabilitation or skilled nursing. There is some overlap between levels, and this should be considered in the unit types for the facilities listed below.

Table 5. Senior Housing Types Available in Yelm (2022)

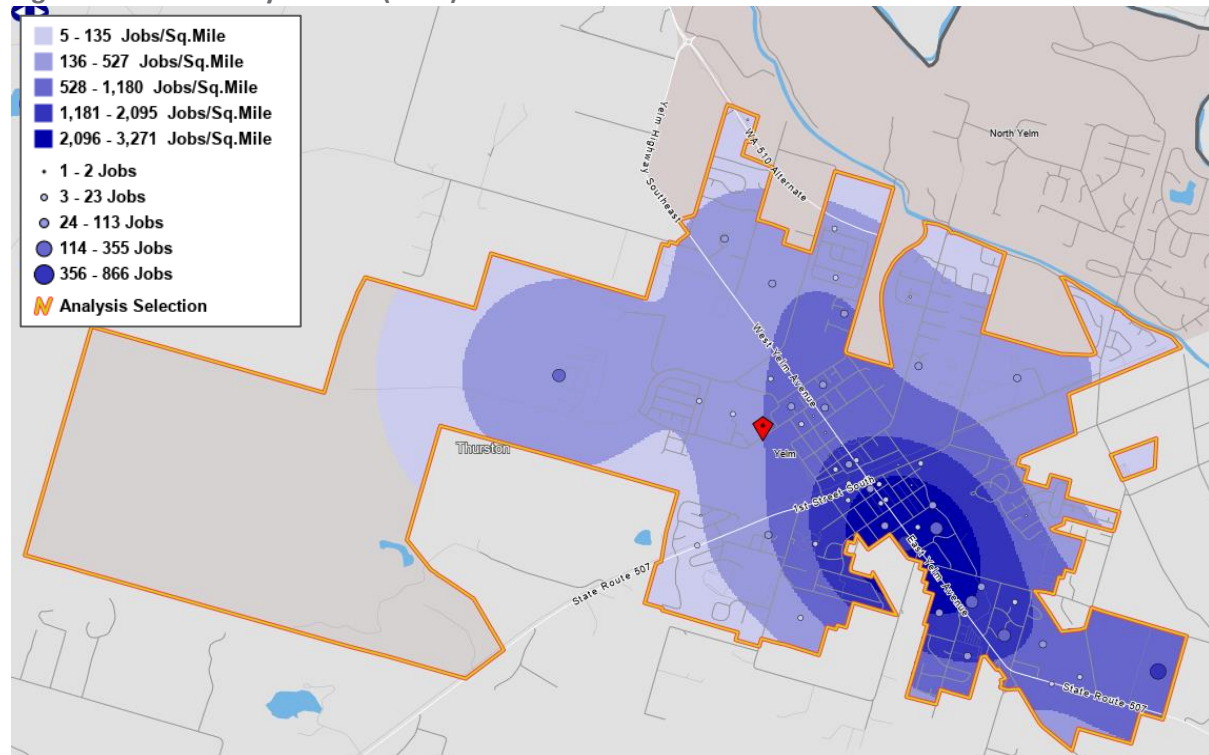
Senior Housing	Unit types
Prestige Senior Living – Rosemont (Killion Rd SE)	Independent Living Assisted Living
Easthaven Villa (Cullens St NW)	Assisted Living Memory Care
Krislen Apartments (Cullens Rd SE) - Subsidized	Senior Living Community

Source: Affordable Housing Online

Workforce Profile

Understanding workforce and employment trends is essential for housing planning. Yelm’s economy, location, and housing shortage have negative impacts on its economic health. Understanding the relationship between the City’s economy and housing challenges can provide better opportunities for economic development and access to jobs in the future.

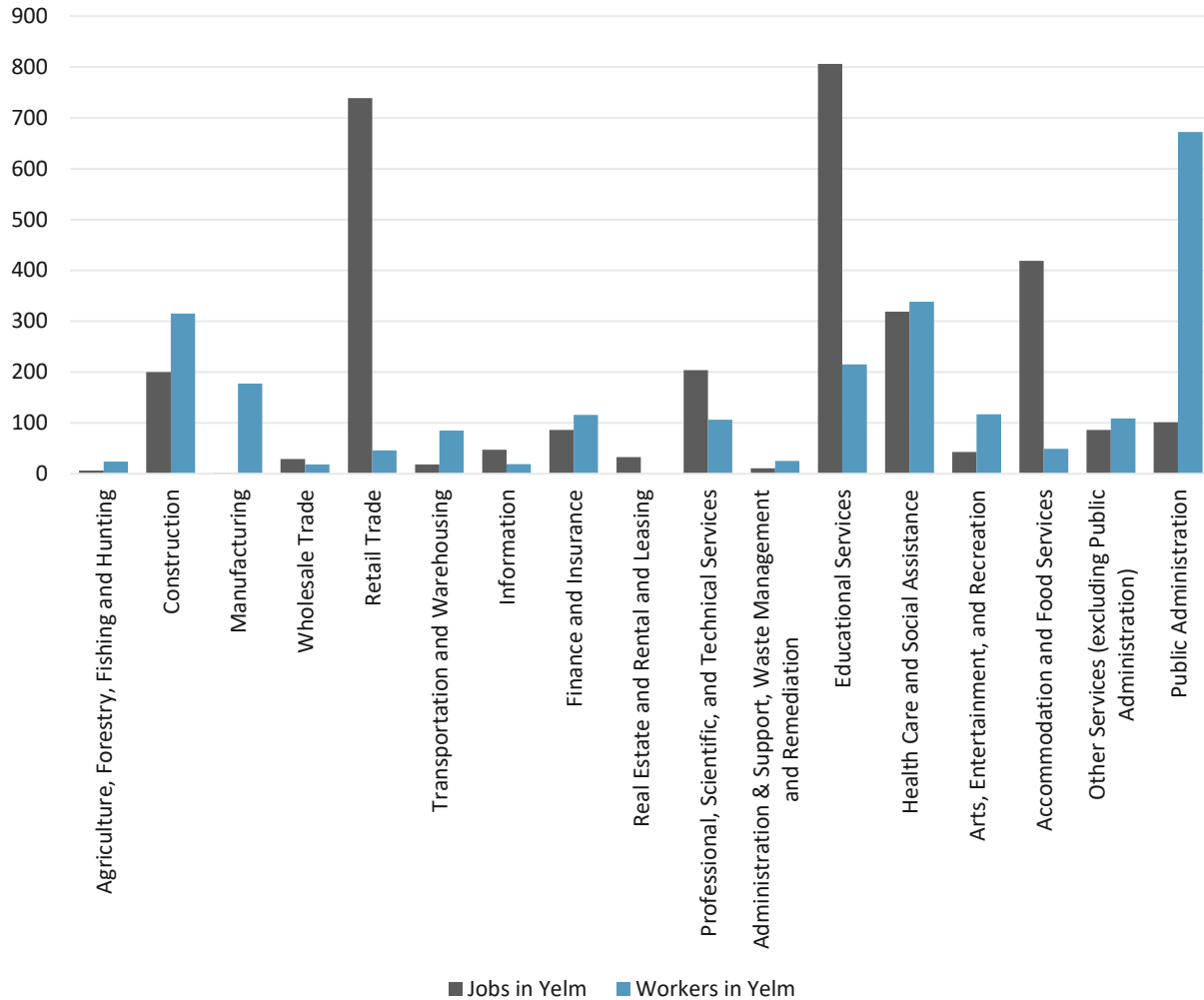
Figure 24. Job Density in Yelm (2019)



Source: Census OnTheMap

Job density is concentrated near the downtown core and along Yelm Avenue (E/W) where the commercial and Central Business District are primarily located, as shown in Figure 24. There are two other hotspots of job density: the Walmart Supercenter at the southeast of the city along SR 507, and the Master Planned Community to the east. Much of the Master Planned Community has not yet been developed, but as part of the development process, small commercial units are required, and there are some home-based businesses registered in the residential community.

Figure 25. Top Industries in Yelm, 2019



Source: Census OnTheMap

Within Yelm, the school district, retail, and food industries account for a large share of the jobs, as shown in Figure 25. As the population grows, the number of children in the area will grow and all three industries are expected to expand with the increased demand and educational needs. School Districts are dependent on taxes and levies for funding which will naturally see an increase with the growth of the population.

Employment Projections

According to the Washington State Employment Security Department (ESD), which provides regional employment projections, the Pacific Mountain workforce area (which encompasses Grays Harbor, Lewis, Mason, Pacific and Thurston Counties) will see annual growth of 2% between 2020 and 2025, which will taper to 1.64% annually by 2030. These projections are based on staffing patterns from occupational employment statistic surveys and converted to industry classifications based on industry control totals (ICT) definitions. Projections for the top industries in the City of Yelm are shown below in Table 6.

Table 6. Industry Growth Projections for Pacific Mountain Workforce Area (2022)

Industry Title	Growth Projections	
	2020 – 2025	2025 - 2030
Construction	2.23%	1.68%
Retail Trade	1.55%	1.11%
Professional, Scientific and Technical Services	3.13%	2.24%
Educational Services	2.62%	2.31%
Health Care and Social Assistance	2.10%	2.24%
Accommodation and Food Services	6.55%	1.59%

Source: 2022 Employment Security Department Industry Projections

Jobs in Yelm pay less than jobs in Thurston County as a whole, with 22% of jobs paying \$1,250 a month or less in the City, as shown in Table 7. There are a significant number of residents and employees in Yelm earning less than \$3,333 per month. If these earners were the sole providers for their household they would be at risk of being housing cost-burdened based on the rent estimates discussed earlier in this analysis.

Table 7. Yelm and Thurston County Job Earnings (2019)

Earnings	Jobs in Yelm	Jobs Worked by Yelm Residents	Jobs in Thurston County
\$1,250 per month or less	21.9%	19.5%	16.7%
\$1,251 to \$3,333 per month	40.2%	33.4%	28.3%
More than \$3,333 per month	38.0%	47.1%	55.0%

Source: Census OnTheMap

Figure 26. Commuting Patterns in Yelm (2019)



Source: Census OnTheMap

Yelm’s workforce faces long commute times and geographic challenges related to employment opportunities. The majority of residents in Yelm do not work in the City, and vice versa, as shown in Figure 26. Just 5% of city residents work within the city. A slightly larger number of people travel to Yelm for work compared to the number of residents who drive to their workplace from Yelm. According to community members interviewed by SCJ Alliance in the Fall of 2022, the school system is the largest employer within the city limits, and most of the school faculty and staff live outside the district and drive to Yelm due to housing affordability and availability concerns.

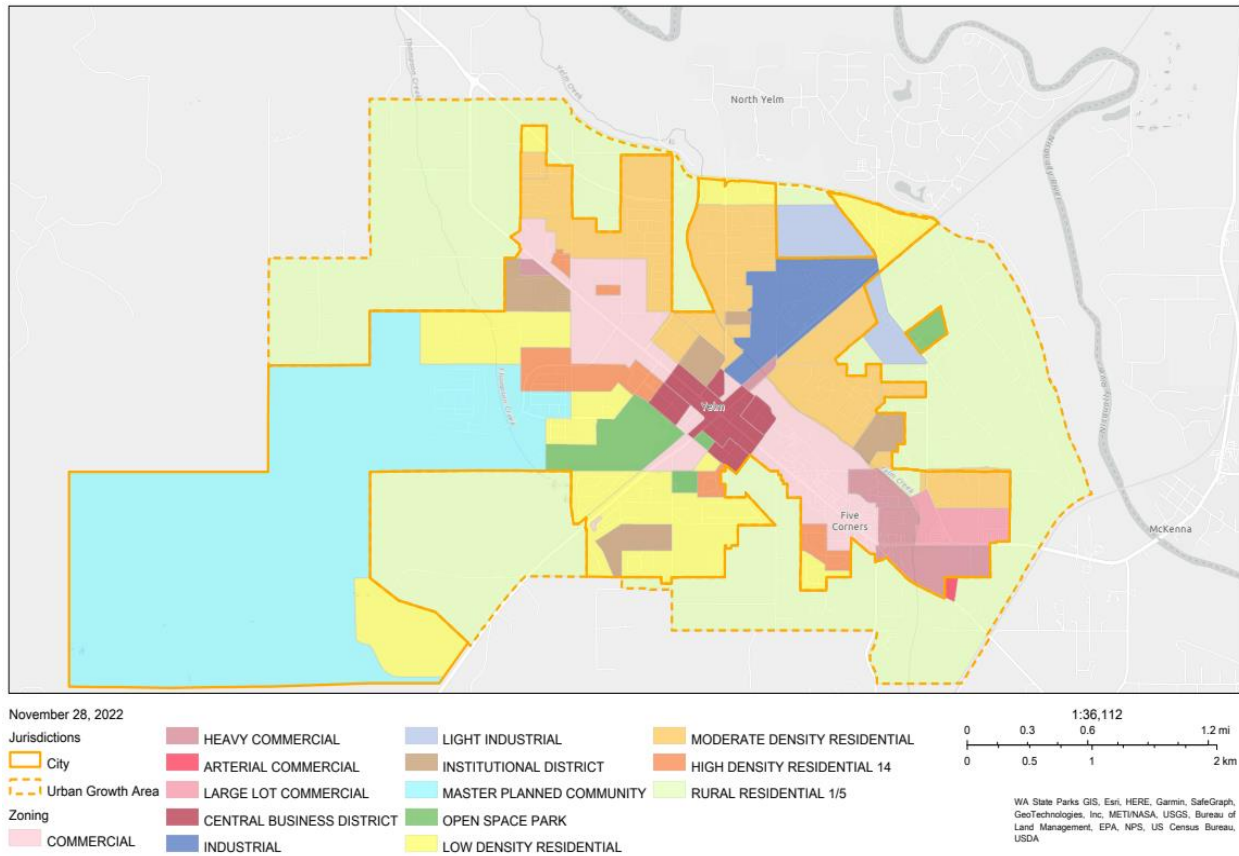
Land Capacity Analysis

This section analyzes existing and potential capacity for housing production based on Yelm’s current zoning code and correlates the results with the number of housing units the City will need based on population and household forecasts. This section also discusses other opportunities and constraints to development, including availability of water, sewer, and other municipal services, environmental constraints, zoning, and other factors.

Zoning

The City of Yelm is 3,642 acres (5.69 square miles) not including the UGA, and a large portion of the land within city limits is designated Master Planned Community (MPC) for residential units. While the land designated for the MPC is considered developable, the development will be implemented in steps as the City grows and demand for housing grows.

Figure 27. City of Yelm Zoning (2022)



Source: Esri, City of Yelm

Yelm’s zoning code contains four commercial and three residential districts, not including the Master Planned Community as shown in Figure 29, in light blue. The City’s Central Business District (CBD) covers the downtown core and is designed to “promote the special characteristics of the existing downtown Yelm area, to provide a pedestrian shopping atmosphere and to promote the rehabilitation of existing structures and the most desirable uses of land” (YMC 18.35.010). This model ensures that the downtown core stays vibrant and walkable with a variety of commercial offerings such as retail stores, service-oriented establishments, and apartments – with other residential uses allowed provided development occurs on existing lots that are one acre or less. Single-family residential development has the most stringent standards within the CBD, while allowed, the uses lean toward a preference of commercial and medium to high-density development, which promotes walkability and pedestrian safety.

Table 8. Yelm Zoning Districts and Density

Zoning District		Residential Density (per net acre)
Commercial		
<i>CBD</i>	<i>Commercial Business District</i>	20-32
<i>C-1</i>	<i>Commercial District</i>	32 ¹
<i>C-2</i>	<i>Heavy Commercial Zone</i>	32 ¹
<i>C-3</i>	<i>Large Lot Commercial District</i>	32 ¹
Industrial		
<i>I</i>	<i>Industrial</i>	
Residential		
<i>R-4</i>	<i>Low-Density Residential</i>	4
<i>R-6</i>	<i>Moderate Density Residential</i>	3-6 ²
<i>R-16</i>	<i>High-Density Residential</i>	8-16 ²
¹ Subject to R-16 development standards. Apartments shall represent no more than 66.6 percent of a mixed use development. At least 30 percent of the commercial component must be constructed prior to completion of residential component, providing that adequate infrastructure is constructed for remaining commercial component.		
² Density bonus available for townhouse and planned residential developments.		

Source: City of Yelm

Table 8 identifies the density allowed by current zoning regulations within the City per zoning district. Controlling density allowances in residential areas helps to control the type of housing and therefore supply. Not all types of housing are similar; typically, higher density equals lower housing cost. This is a general rule for the housing market, but not always accurate as there are also different styles such as luxury apartments, which will have more room and a better view, or low-income housing, for which developers typically apply for the Low-Income Housing Tax Credit (LIHTC) through the Department of Housing and Urban Development (HUD) or other applicable tax credit or loan programs.

Projected Density and Underdeveloped Land

According to the Thurston Regional Planning Council, in 2020, Yelm had a residential capacity of 2,240 units with an additional 5,730 units within the Master Planned Community (MPC). The Urban Growth Area (UGA) has a residential capacity of an additional 660 units. While the MPC’s development of residential units continues to fluctuate, the numbers above reflect subdividable and developable land within the City of Yelm and its UGA using the zoning code as active in 2020. In 2022, City staff altered the density allowance in the Central Business District (CBD), to require development to meet a minimum density standard of 20 units per net acre. While this change did not likely affect the residential capacity, it should help to promote density growth within the downtown core.

Table 9. Residential Density and Projected Capacity for Yelm (2021)

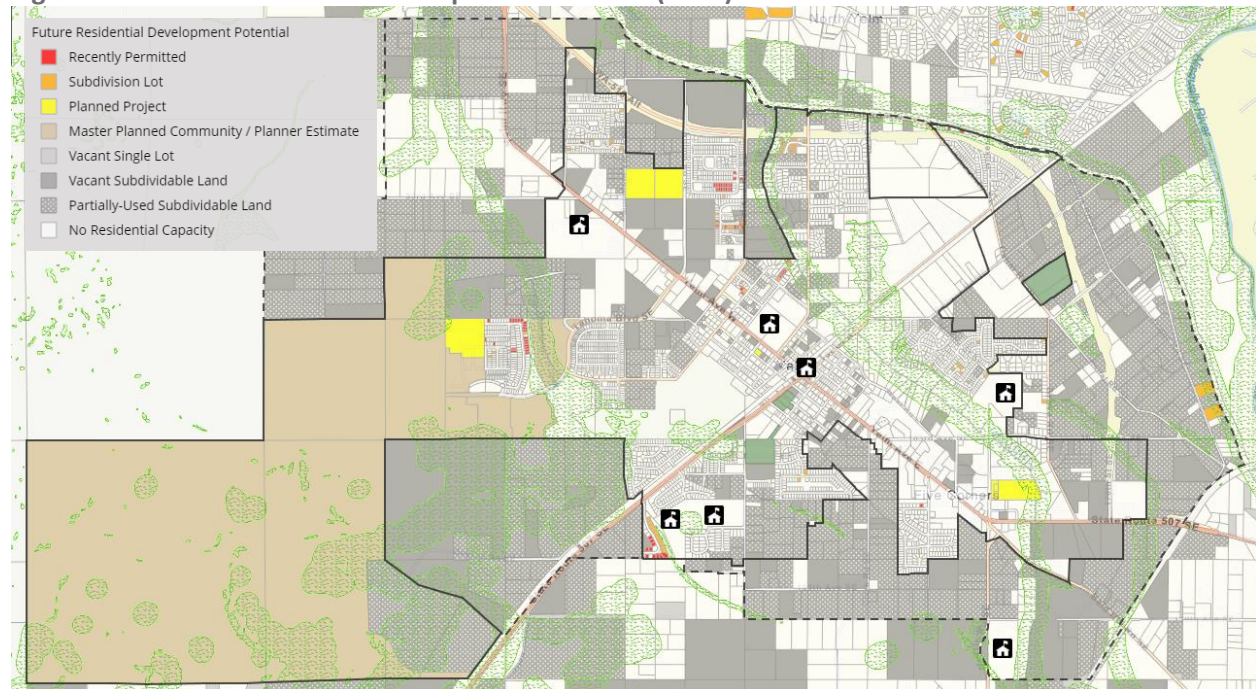
Zoning District		Mixed Use ¹	Residential Capacity ²
Commercial			
<i>CBD</i>	<i>Commercial Business District</i>	50%	67
<i>C-1</i>	<i>Commercial District</i>	10%	7
<i>C-2</i>	<i>Heavy Commercial Zone</i>	10%	35
<i>C-3</i>	<i>Large Lot Commercial District</i>	10%	12
Industrial			
<i>I</i>	<i>Industrial</i>	0%	0
Residential			
<i>R-4</i>	<i>Low-Density Residential</i>	100%	899
<i>R-6</i>	<i>Moderate Density Residential</i>	100%	792
<i>R-16</i>	<i>High-Density Residential</i>	100%	355
<i>MPC</i>	<i>Master Planned Community</i>	65%	5,729

¹ Percentage of developed land that will be residential use.
² Number of units that could be built, including redevelopment.

Source: Thurston Regional Planning Council

While Figure 28 reflects development potential from 2017, the mapping can still be used as a guide to better understand the areas within the City and its UGA that have potential. This map was created by the Thurston Regional Planning Council, who estimates each parcel’s capacity for new residential development based on parcel size, zoning, current use, and environmental constraints. The map below shows minimal residential capacity within the core of the city, with an increase near city limits. The Master Planned Community, mentioned above and reflected in tan below holds the most development potential/capacity.

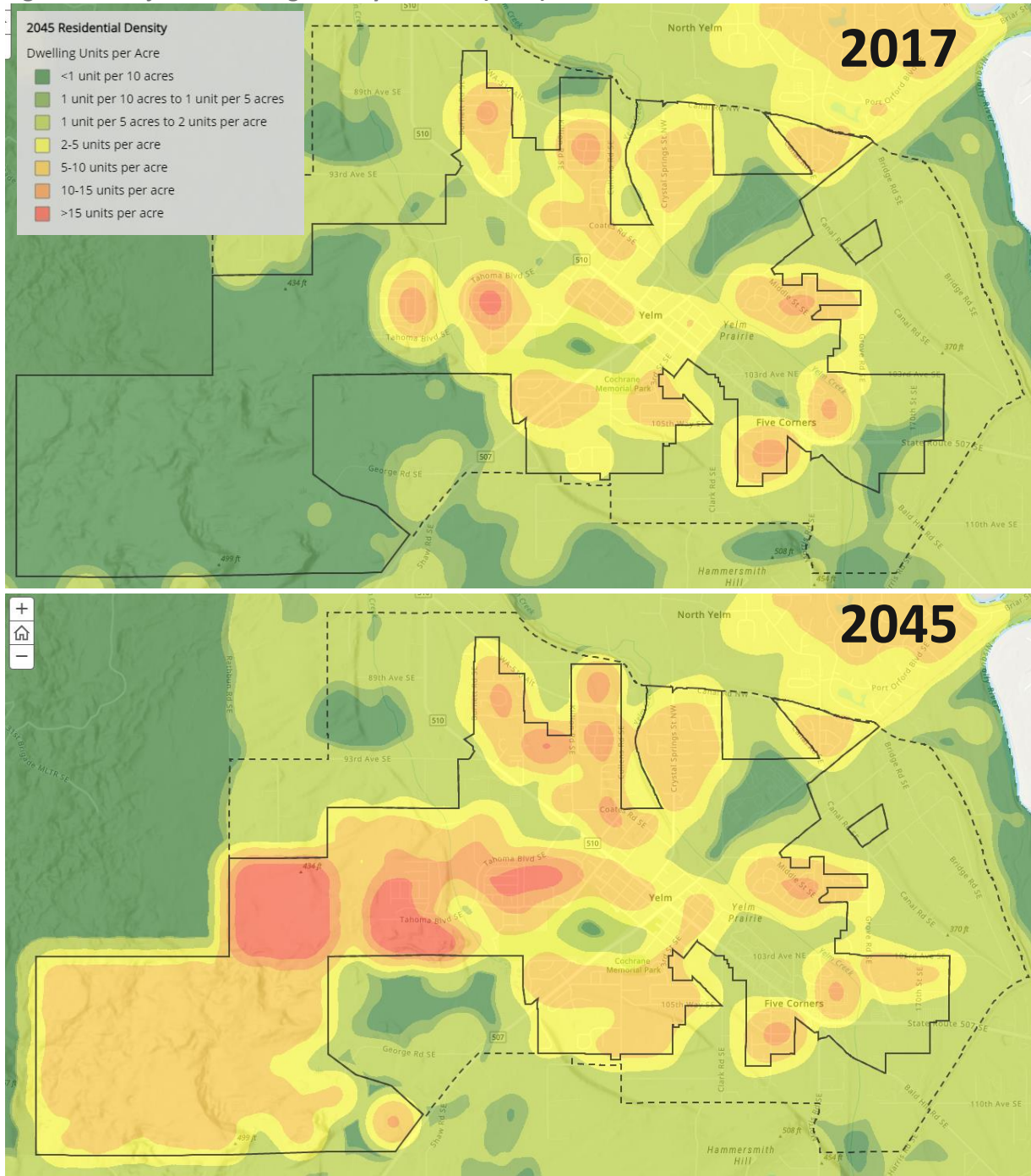
Figure 28. Future Residential Development Potential (2017)



Source: Thurston Regional Planning Council

The Thurston Regional Planning Council provides insight into future housing density hotspots, or areas where there will be a higher density of people living in the future. Figure 29 shows the Residential Density projected for 2045, where the density is altered the eastern portion of the city where the R-6 and R-16 districts are to the Master Planned Community in the western portion of Yelm.

Figure 29. Projected Housing Density for Yelm (2017)



Source: Thurston Regional Planning Council

The above mapping does not take into consideration some constraints on development including water availability, creeks and potential Mazama Pocket Gopher Habitat. Residential capacity expansion is projected, but not likely to reach stated levels in the most western portion of Yelm due to environmental considerations, and economic and infrastructure needs of the city. The projections also do not take into consideration the rate of development or changes resulting from future zoning regulations.

Environmental Constraints

While the recreational opportunities within and surrounding Yelm are plentiful, this also means that there are constraints to development that must be taken into account. Environmental regulations are codified under the city's Critical Areas and Resource Lands (Chapter 18.21), the State Environmental Policy Act (Chapter 18.20), Environmental Review and Permitting (Chapter 18.11) and Environmental Performance Standards (Chapter 18.51).

Critical Areas

Yelm defines a critical area to Wetlands (and their buffers), Critical aquifer recharge areas, Frequently flooded areas, Geologically hazardous areas and Fish and wildlife habitat conservation areas. There are streams that run through the City of Yelm, and while they are protected to some extent, they do not fall under Shoreline Jurisdiction (Shoreline Management Act).

Development within a critical area or its buffer requires an environmental review, including a critical area report to evaluate the proposal and all probable impacts to the critical area(s).

Streams, Floodplains and Wetlands

Yelm has three mapped streams that course through the city or along its boundary - the Centralia Canal, Yelm Creek, and Thompson Creek. Proposed development within proximity of these streams is regulated by the Critical Areas and Resource Lands chapter of the Yelm Municipal Code.

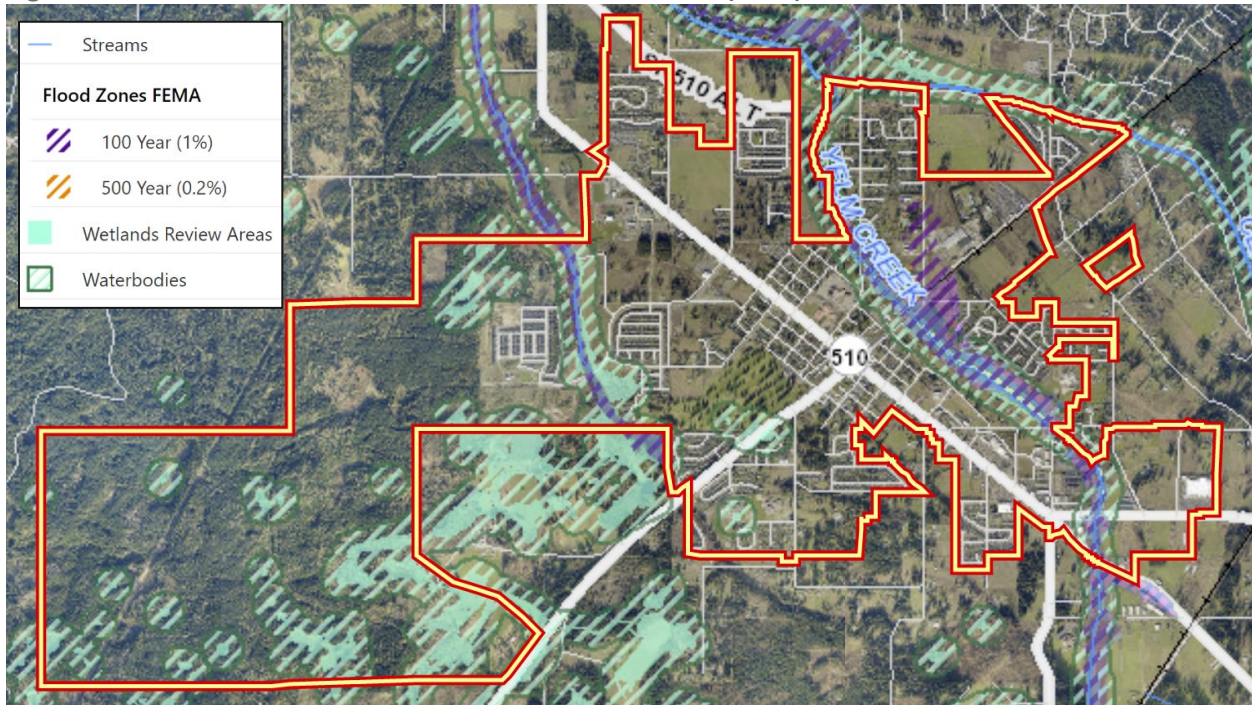
The Centralia Canal borders along the northeastern portion of the City's Urban growth area and city limits. Most of the zoning near the canal is Low Density Residential (R-4). Most of the parcels in city jurisdiction that border the canal are already developed. The Centralia Canal is part of a diversion dam off the Nisqually River built in 1929, which is a hydroelectric project owned and operated by the City of Centralia (City of Centralia, Yelm Hydroproject).

Yelm Creek cuts through the eastern portion of the City. The zoning in proximity to the creek varies throughout its course, from Moderate Density Residential (R-6), some Industrial (I) to a good portion of the commercial district on the south side of Yelm along Hwy 507. Most of the parcels near the creek have not been developed, however those that have been developed show a greenbelt between the development and the creek. This greenbelt also coincides with some sloping along the western side of the waterway.

Thompson Creek runs through the western portion of the city, where the Master Planned Community (MPC) and some Low Density Residential (R-4) are zoned. There has been some infrastructure and residences put into place crossing the stream for new development. Some development of land

occurred prior to current environmental practice standards and are within wetland and flood hazard zones. Most of these parcels were developed in the early 1900's and their structures are still in use.

Figure 30. Water-based Environmental Constraints in Yelm (2022)



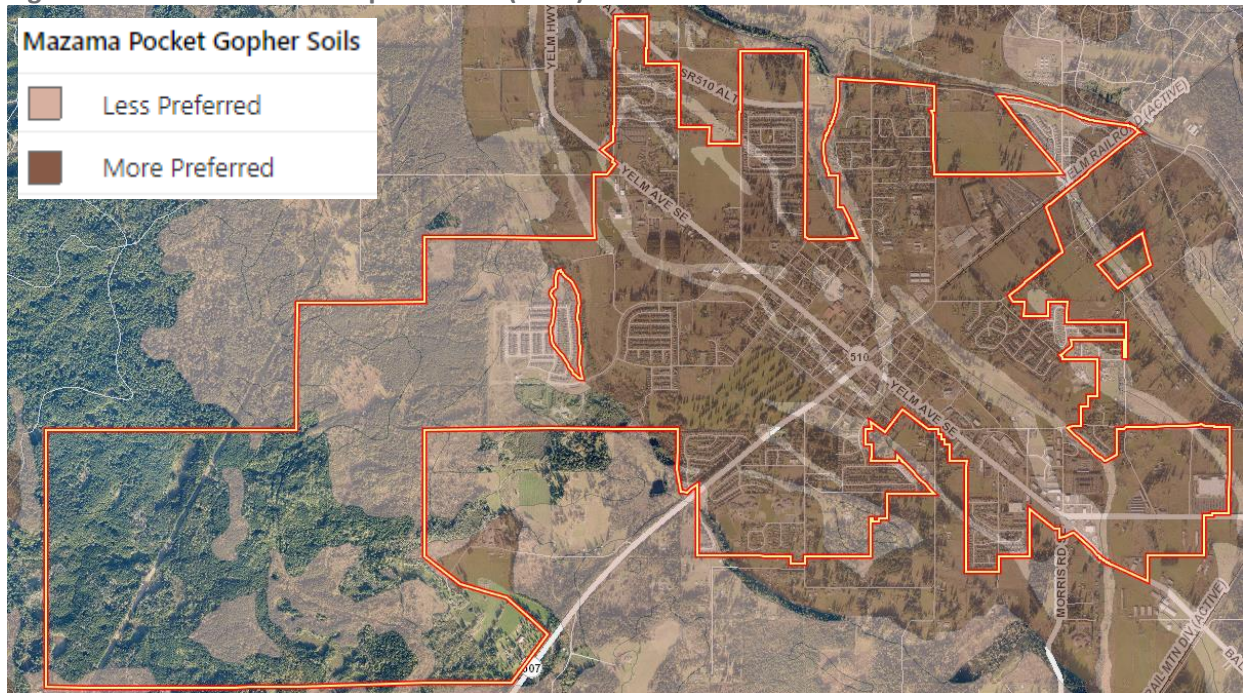
Source: Thurston GeoData,

As reflected in Figure 30, streams within the area, especially larger streams such as Yelm Creek present a flood hazard. Proposed residential development within flood hazard areas are required to build one to three feet above “Base Flood Elevation” and follow floodplain management regulations in Yelm’s Critical Areas and Resource Lands chapter. Ensuring the safety of people and their property can unfortunately also increase the cost of development.

Wetlands are also environmentally regulated as a critical area and require review and consideration of impacts prior to development being permitted. Wetlands are among the most productive ecosystems in the world as they provide a high level of nutrients and primary productivity for many species of birds and mammals, according to the Environmental Protection Agency (EPA). These ecosystems also provide natural water quality improvement, flood protection, and shoreline erosion control – because of this presence of wetlands and wetland review areas require additional review and for any impacts to be mitigated through local wetland regulation.

Mazama Pocket Gopher

Figure 31. Mazama Pocket Gopher Areas (2022)



Source: Thurston GeoData,

While Yelm does not have any mapped Mazama Pocket Gopher Areas, it does have soils preferred by the protected species which can reflect higher levels of Mazama Pocket Gopher activity and habitat and therefore a need for additional jurisdictional review. According to the U.S. Department of Fish and Wildlife, the name Mazama Pocket Gopher encompasses four subspecies that are only found in Thurston and south Pierce County, Washington. All four subspecies have been listed as threatened under the Endangered Species Act since April 2014. Their primary threat is degradation and loss of their habitat due to conversion of prairie land to agriculture, commercial and residential development.

The City is currently evaluating habitat for prairie species through the US Fish and Wildlife Habitat Conservation Plan (HCP) process that will protect local habitat and species for a period of thirty years, provide certainty for long-term land use plans and economic development, contribute to the creation of a green belt on the western side of the city, and enable the city to maintain control of local land use rules and regulations. Completion of the HCP is expected to take several years.

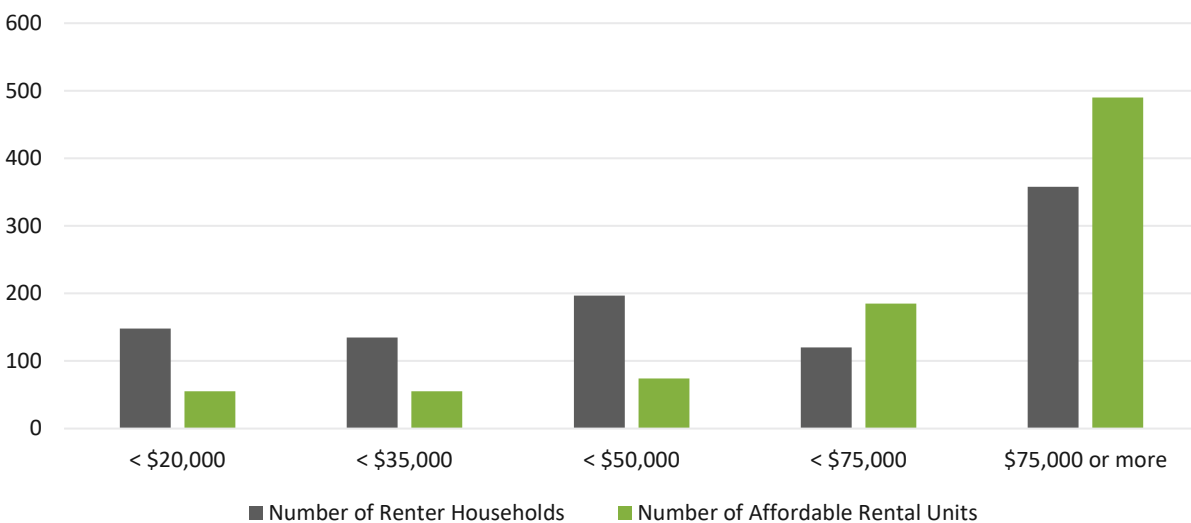
Gap Analysis

This section identifies specific gaps following from the demographic, service member, and housing data discussed above. These gaps identify segments of the population with particular housing needs and important issues and trends which may emerge in coming years and should be used to formulate policy considerations to close these gaps.

Quantity of Housing Units to Income levels

The housing market is typically thought of as two pieces: the rental market and the sales market. While there is overlap in household income levels between these two markets, affordable rental units and lower prices are always in demand. This same idea is reflected in the data in Figure 32 and Figure 33, below, where households making less than \$50,000 in annual income have a higher burden of cost due to lack of available affordable housing choices. Data like that shown below helps to better clarify where the City's housing supply needs a boost. In this case, the gap between number of renters and number of affordable units would benefit from an increased supply of lower priced units. This may take the form of subsidized housing or rental assistance programs.

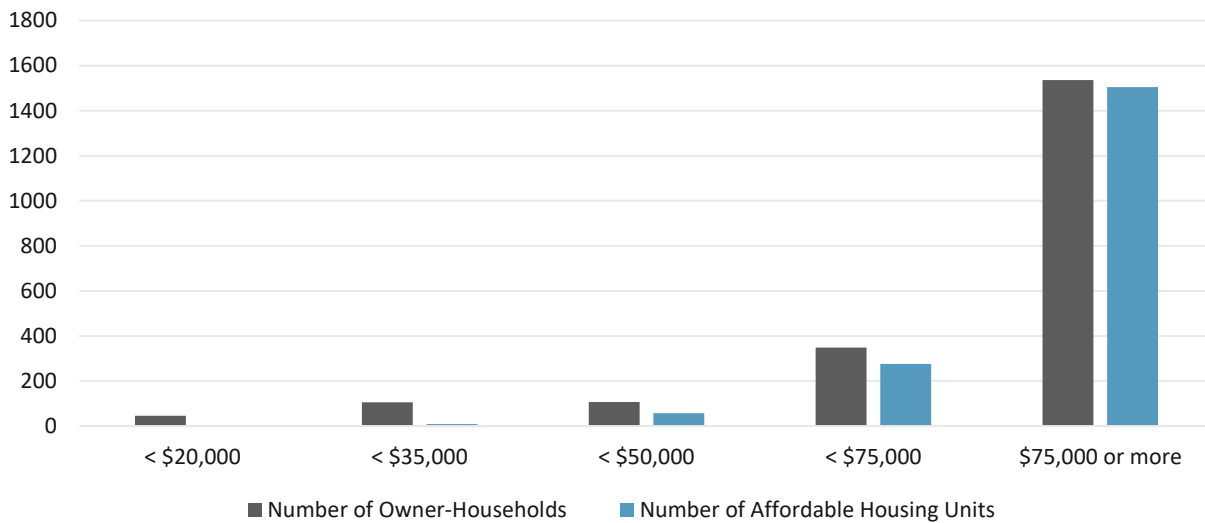
Figure 32. Renter Households and Affordable Rental Units by Income in Yelm (2021)



Source: 2021 American Community Survey 5-Year Estimates, Tables S2503

The information in Figures 31 and 32 does not reflect certain factors, such as service members stationed at JBLM and the Basic Allowance for Housing (BAH) which they receive on top of their salary; this is discussed in more detail in the Off-Base Military Households section of this report.

Figure 33. Owner Households and Affordable Housing Units in Yelm (2021)



Source: 2021 American Community Survey 5-Year Estimates, Tables S2503

Housing Units Needed to Accommodate Projected Population

Thurston County and the City of Yelm expect population to grow to a total of 25,890 residents within city limits by 2045, as discussed in the Historic and Future Populations section. Using this projection and the American Community Survey data from 2021, the 2045 projection is an additional 15,685 residents during this timeframe. This projection can be used to estimate the number of housing units that will be needed in Yelm by 2045, as shown below. This is forecast to be 5,486 additional units to meet the population growth of the city.

Table 10. Estimated New Housing Units Required in Yelm (2045)

	2021 Estimates	2045 Projection
Population	10,205	25,890
People Per Household	3.22	3.22
Households	3,166	8,240
(5% Vacancy Rate)		412
Total Housing Units	3,264	8,750
New Housing Units Required		5,486

Source: Washington Office of Financial Management (OFM), 2021 American Community Survey 5-Year Estimates Table DP04 and S1101, Thurston Regional Planning Council

Table 11 presents a breakdown of projected housing units for 2030, 2040, and 2045. The calculations are based off the 2021 ACS listed household size and percentage of occupied housing units by income, with an added 5% to account for the standard vacancy rate. The table uses the projected population to break down the total housing units using the same method as Table 10, then assumes a 5% vacancy rate to obtain the projected occupied housing units and breaks down the occupied housing units by 2021 percentage of housing units by income.

Table 11. Estimated Housing Units Required in Yelm by Income (2030 - 2045)

		2021	2030	2040	2045
% of Area Median Income	Total Housing Units	3,264	7,360	8,151	8,750
	Occupied Housing Units	3,166	7,014	7,768	8,338
Less than 19%	Less than \$20,000	6.1%	428	474	509
19% to 34%	\$20,000 to \$34,999	7.6%	533	590	634
34% to 48%	\$35,000 to \$49,999	9.6%	673	746	800
48% to 72%	\$50,000 to \$74,999	14.8%	1038	1150	1234
72% or more	\$75,000 or more	59.8%	4194	4645	4986
0%	Zero or negative income	1.5%	105	117	125

Source: 2021 American Community Survey 5-Year Estimates Table S2503, Thurston Regional Planning Council

Another way of breaking down the housing unit projections is by type of structure. Table 12 represents the projections of housing unit needs if the City chose to keep the statistical proportions of 2021. Just under 78% of the City’s housing units were 1-unit, detached (also known as Single Family residences (SFR)). If the same ratio is applied to growth by 2045, there would be a projected need of 6,781 SFRs by 2045 (an additional 4,252 units). The City’s current zoning requirements have no lot size area minimum or maximum but use a designated structure density to regulate development.

Table 12. Estimated Housing Units Required in Yelm by Type (2030-2045)

UNITS IN STRUCTURE	2021		2030	2040	2045
Total housing units	3264	%	7360	8151	8750
1-unit, detached	2529	77.50%	5704	6317	6781
1-unit, attached	89	2.70%	199	220	236
2 units	0	0%	0	0	0
3 or 4 units	83	2.50%	184	204	219
5 to 9 units	190	5.80%	427	473	508
10 to 19 units	84	2.60%	191	212	228
20 or more units	202	6.20%	456	505	543
Mobile home	87	2.70%	199	220	236
Boat, RV, van, etc.	0	0%	0	0	0

Source: 2021 American Community Survey 5-Year Estimates Table DP04

While calculating potential land requirements with density regulations proves difficult as it is dependent on type of unit and individual lot sizes, we can get a general understanding of the amount of land required to accommodate 4,252 SFRs. If all the SFRs were developed in an R4 zone which allows a density of four residential units per acre, the City would need to accommodate approximately 1,063 acres (around 30% of the area of the City). The R6 zone, which requires a density of three to six residential units per acre, would require between 644 and 1403 acres to accommodate the SFR load. And the R16 zone, which requires a density of eight to sixteen units per acre, would require approximately 266 to 532 acres. These calculations do not include potential density bonuses that are available for planned residential developments, the size of the units, or residential capacity in non-residential zones. This analysis also does not consider other potential changes in the housing stock,

especially loss of housing stock across the city due to age or poor condition. This could also increase the number of new units required.

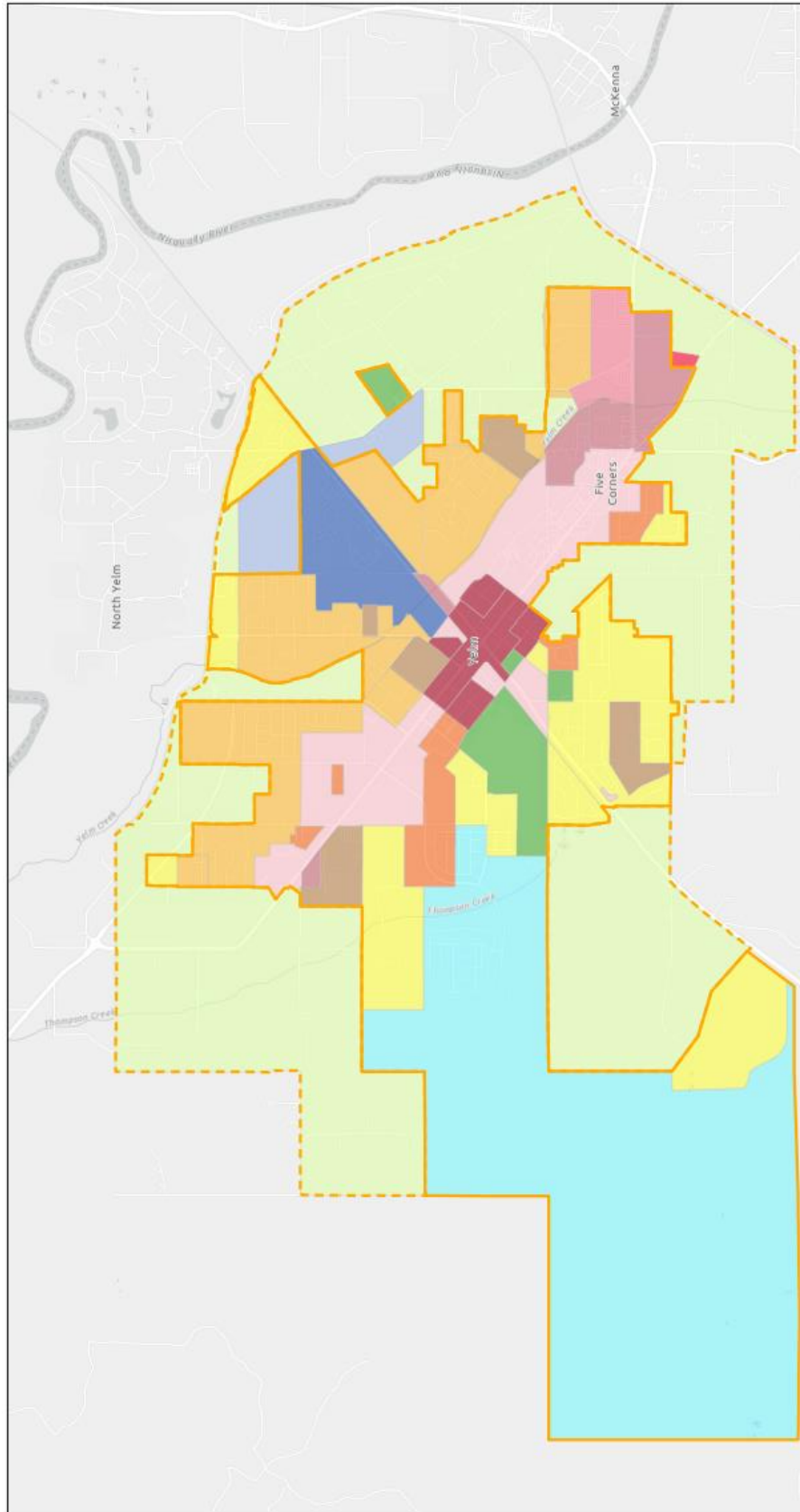
Conclusion

While Yelm is projected to grow in population and shows residential capacity, both on undeveloped areas and through infill of underdeveloped parcels, the city will need to consider areas to prioritize and improve infrastructure strategically to ensure capacity does not expand too quickly and impact the housing market or vacancy rates in a negative way. Some of this capacity, especially in the Master Planned Community in the western portion of the city has additional environmental considerations. Analysis of the housing prices, values, and supply show that Yelm residents face a housing availability issue more than that of affordability. This is not to say that affordable housing is not necessary but rather Yelm residents statistically have increased purchasing power when compared to the Thurston County region when looking at Median Household Income. This could be partially due to the military servicemember household use of the BAH to meet their housing costs. There is also limited availability of low-income, senior housing, or nursing homes located within the city.

Growth projections from Thurston County show that residential density will increase within the western most portion of Yelm (Master Planned Community) and in the current moderate to high-density residential zones in the northern and southern areas of the city. Reevaluating current zoning designations and density allowances, especially in the areas referenced above would help to increase density and allow for development or redevelopment of parcels in these areas. Remodel and/or demolition of older structures or underutilized parcels will be important to review as redevelopment is typically costly to developers.

Appendix 1

City of Yelm Zoning Map



November 28, 2022

Jurisdictions

City

Urban Growth Area

Zoning

COMMERCIAL

INDUSTRIAL

HEAVY COMMERCIAL

ARTERIAL COMMERCIAL

LARGE LOT COMMERCIAL

CENTRAL BUSINESS DISTRICT

INDUSTRIAL

LIGHT INDUSTRIAL

INSTITUTIONAL DISTRICT

MASTER PLANNED COMMUNITY

OPEN SPACE PARK

LOW DENSITY RESIDENTIAL

MODERATE DENSITY RESIDENTIAL

HIGH DENSITY RESIDENTIAL 14

RURAL RESIDENTIAL 1/5

1:36,112

0 0.3 0.6 1 1.2 mi

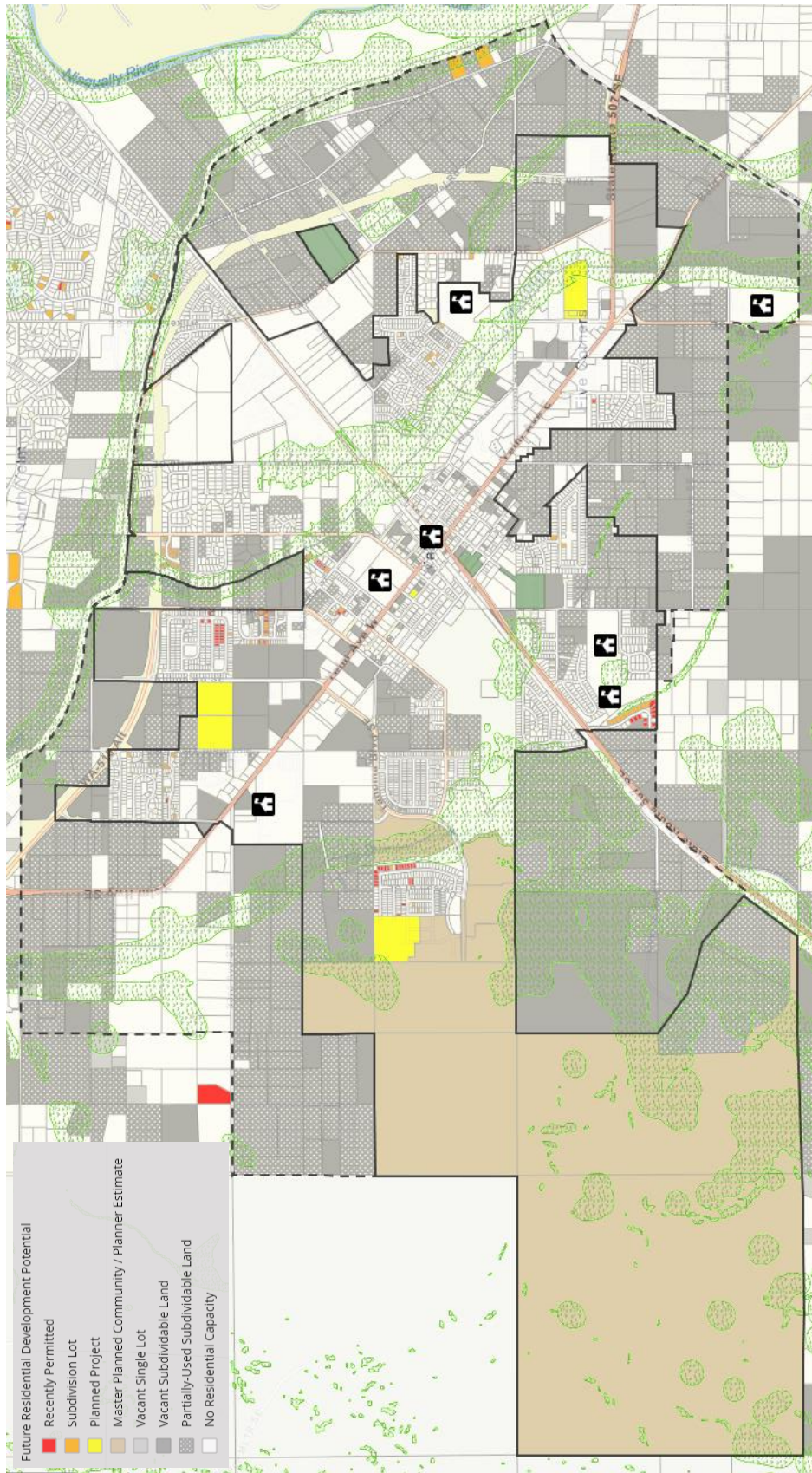
0 0.5 1 2 km

WA State Parks GIS, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc., METANASA, USGS, Bureau of Land Management, EPA, NPS, US Census Bureau, USDA

Source: Esri, City of Yelm

Appendix 2

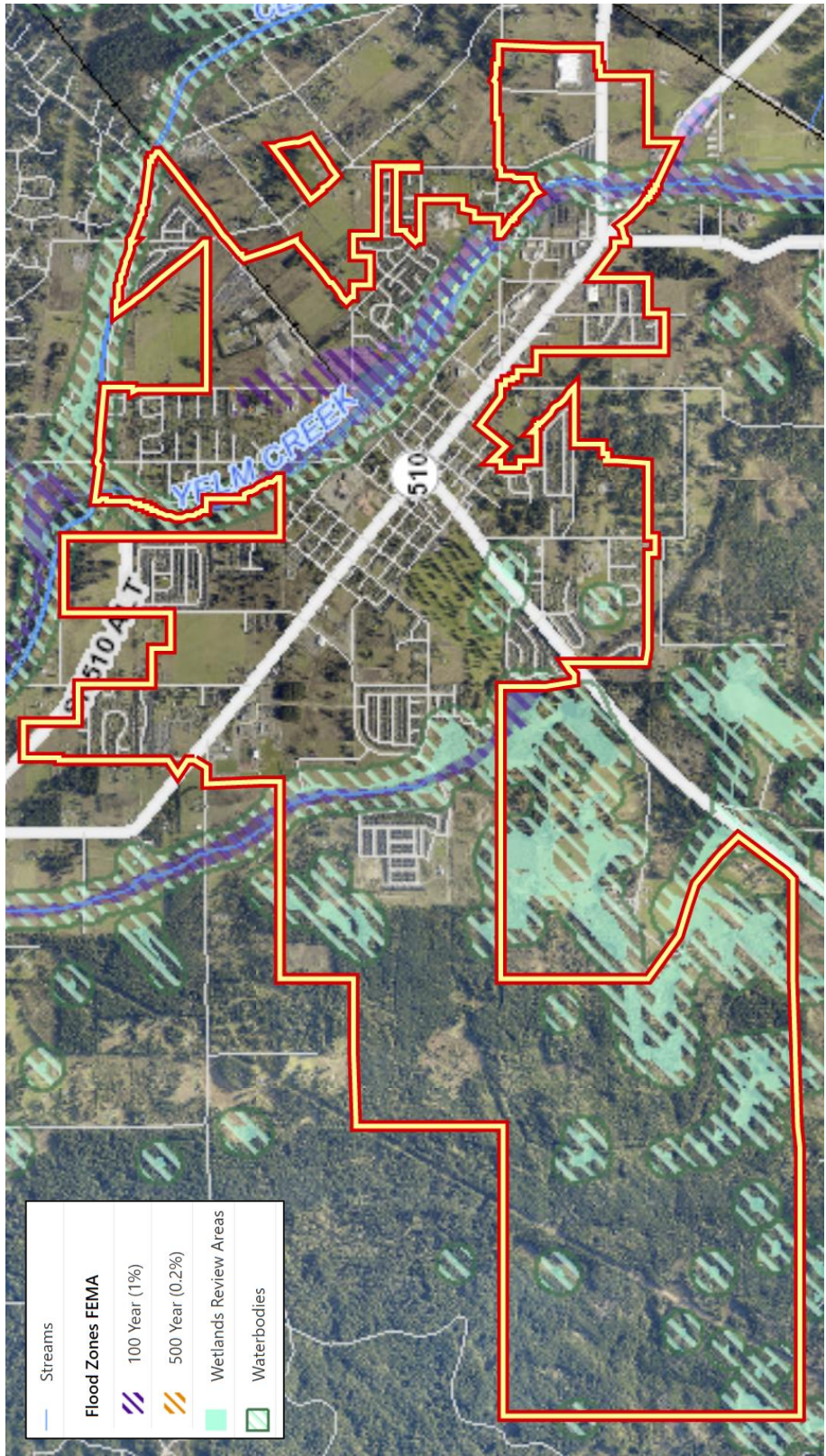
Future Residential Potential Map (2017)



Source: Thurston Regional Planning Council

Appendix 3

Water-based Environmental Constraints in Yelm (2022)



Source: Thurston GeoData