

# CENTRALIA'S HOUSING ASSESSMENT AND ACTION PLAN

## Housing Needs and Potential Solutions Discussion

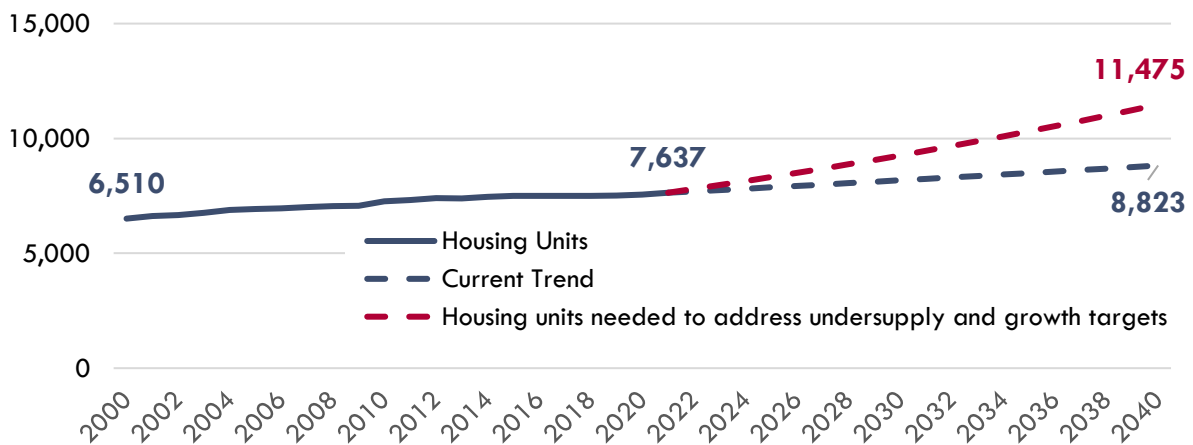
January 19, 2023

**Challenge #1: Centralia has an undersupply of housing to meet current needs and needs to increase its development rate to meet the needs for planned growth.**

### Discussion

- In 2021, Centralia had 7,637 housing units and a planning target of an additional 3,838 housing units to accommodate future growth through 2040. To meet the need for planned growth, Centralia will need to increase its annual rate of production from 54 to 202 units (370%). In addition to housing for planned growth, the city needs an additional 332 units to address the current undersupply.

**Exhibit 1. Centralia current housing supply and targets**



Sources: Washington State Office of Financial Management (OFM), 2022; Centralia Comprehensive Plan, 2018; BERK, 2022.

- About a quarter of housing units in Centralia (26%) were built in 1939 or earlier. Centralia has been building less housing than the state since the 1980's, contributing to and undersupply today.
- In addition to the housing needs related to current undersupply and future growth, Centralia should consider planning for additional capacity to accommodate the housing that currently exists within the floodplain. Centralia currently has 643 residential units that should be accommodated elsewhere.

**Exhibit 2. Centralia Housing Units in the Floodplain or Floodway, 2023**

|  | Dwelling Units |        |         |        |        |       |
|--|----------------|--------|---------|--------|--------|-------|
|  | SF             | Duplex | Triplex | 4-Plex | Mobile | Total |
| 100-Year Floodplain<br>(Includes Floodway) | 603            | 16     | 0       | 24     | 0      | 643   |
| Floodway Only                              | 18             | 0      | 0       | 0      | 0      | 18    |

Source: Lewis County, 2023; BERK, 2023

- Seventy percent (70%) of Centralia's households are one or two people, but 46% of Centralia's housing has three or more bedrooms. Centralia needs a greater variety of housing types throughout the city. In the last three years, new housing has reflected a greater variety of housing types.
- Centralia needs new housing across all housing income groups. There is an undersupply of housing for households with an AMI > 80%. About 865 additional units are needed for moderate-income and higher households. Indeed, 2,514 workers in Centralia with an annual income of \$40,000 live outside of Centralia. Offering more housing in Centralia can encourage more households to live and work in Centralia.

## Needs

- Centralia needs a greater rate of housing production across the income spectrum.
- More diverse housing typologies will help to meet the gaps in housing for households with an AMI < 30% and greater than 80%. More specifically, more right-sized housing needs to be built.
- Centralia needs a greater variety of housing types that make effective use of existing infrastructure.

## Options

- Identify areas for up-zoning** to encourage higher densities where you want them [refer to zoning map]. Resource lands can be preserved by prioritizing new housing development within the city's urban area. Areas around historic downtown, Centralia College, and

neighborhood services such as grocery stores should be considered for higher residential densities.

**Increase areas zoned for Medium-high-density residential district (R:15) and (R:20)**

**B. Reduce parking requirements** and covered parking requirements.

Consider reducing parking requirements for Accessory Dwelling Units to not require additional covered off street parking (garages) or not requiring additional parking at all if the primary home already has two-off street parking spaces.

Consider reducing off street parking minimums in high density residential zones.

Consider removing guest parking requirements from multifamily housing development.

Consider allowing developers to justify parking reductions based on a parking study.

**C. Allow for higher building heights** in R:15 and R:20 zones to encourage more density.

Up to 40 feet for a three story walk up building.

Up to 60 feet for a five story building.

**D. Align parcel lot size minimums for middle housing** to the underlying zoning districts, especially areas zoned R:8, R:15 and R:20.

Duplex minimum lot sizes should align with standards for twinhomes and townhouses. Set back requirements should also be reduced in higher density zones to allow for more units to be developed.

Consider reducing setbacks for 2+ unit housing typologies to allow for greater site flexibility to accommodate parking.

**E. Disincentivize single-family houses** in high residential density land uses.

Further analysis of achieved densities can help inform updating the use table.

**F. Consider density bonuses** for infill development.

**G. Consider simplifying density bonus** for all housing in PUDs.

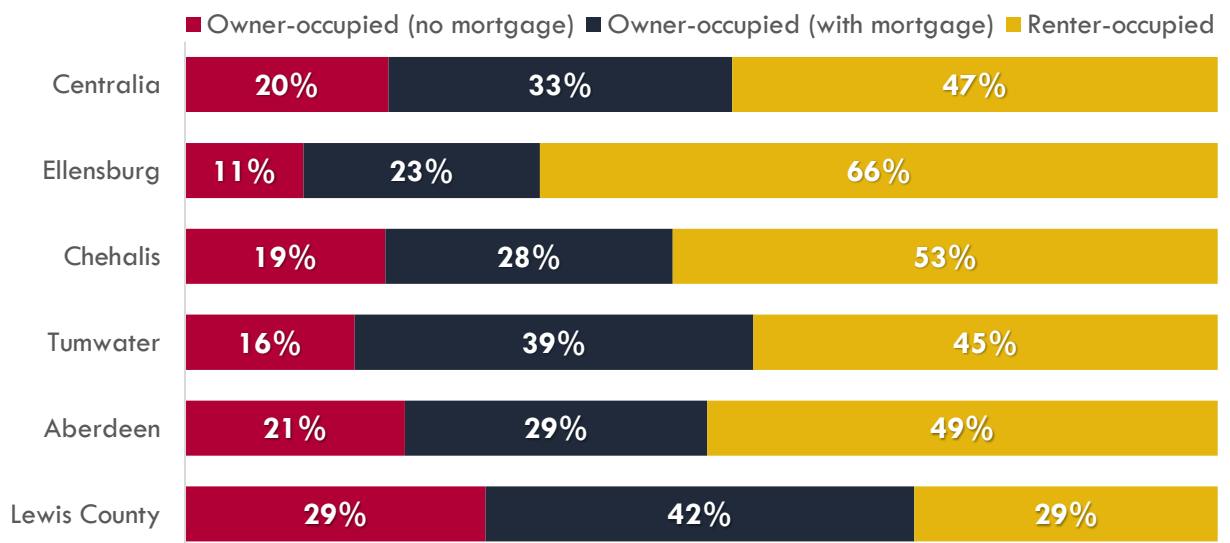
**H. Remove or reduce requirements** for affordable housing developers to have set asides for public recreation facilities.

## Challenge #2: Close to half of Centralia's households rent housing and rental housing costs are high relative to household income.

### Discussion

- Almost half of Centralia's households rent their housing. This is higher than the Lewis County rate of 29%, but comparable to Chehalis (53%), Tumwater (45%), and Aberdeen (49%). In Ellensburg, a community with a sizable student population, two-thirds (66%) of households rent their housing.

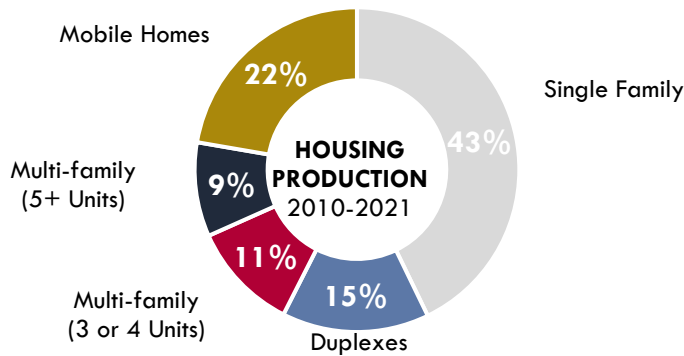
**Exhibit 3. Housing Tenure, 2019**



Source: US HUD Comprehensive Housing Affordability Strategy (CHAS) data, (Table 15 A/B/C) 2015–2019; BERK, 2023

- Apartment housing in larger buildings has been relatively underrepresented in new development since 2010.

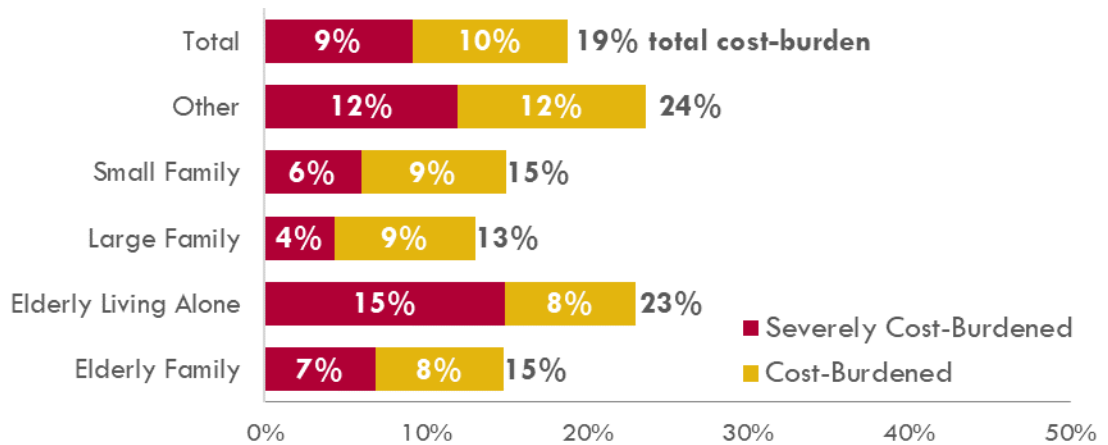
**Exhibit 4. Centralia Housing Production, 2010 – 2021**



Sources: WA OFM, 2021; BERK, 2022.

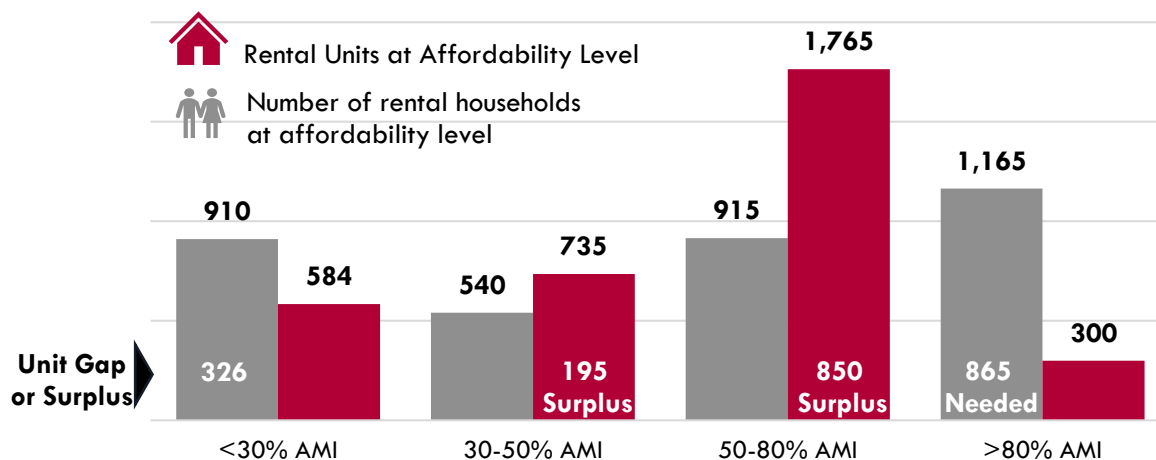
- About one-fifth (19%) of all Centralia’s renter households are experiencing cost burden, meaning that they pay more than 30% of their income on rent. About half spend more than 50% of their income on rent.

**Exhibit 5. Renter Household Cost Burden, 2019**



Source: US HUD Comprehensive Housing Affordability Strategy (CHAS) data, (Table 15 A/B/C) 2015–2019; BERK, 2023

- Community input stresses the difficulty of finding rental housing in Centralia. Potential renters complained of low quality housing for the price, leading them to look for housing outside of Centralia. Interviews of property managers suggest investors in rental housing are motivated to maximize profits by increasing rents and minimizing maintenance.
- Centralia has more than 550 housing units that are affordable to households that have incomes less than 30% of AMI. Yet, in spite of this community resources, there are 326 additional deeply affordable units needed to meet current demand. The undersupply of deeply affordable housing leads to long-term stays in transitional housing facilities. Developing affordable housing continues to be difficult due to rising construction costs and impact fees.

**Exhibit 6. Centralia rental units available and needed, 2019**

Source: HUD CHAS (based on ACS 2015-2019 5-year estimates)

## Needs

- Encourage the development of new rental housing stock across the income categories including market-rate housing.
- Encourage higher densities in areas with existing infrastructure, services, and walkability to amenities like parks and schools.

## Options

### A. **Adjust setback requirements** to accommodate denser development.

Reduce front setbacks for higher density developments so parking and garbage can take place behind or to the sides of the site. Currently the front setback is 20 feet (12 feet to the living area, 20 feet to the garages) the same as in lower density zones.

Match side setbacks to other residential development. Currently it requires 10 feet when single-family dwelling require 5 in R:4, R:8, R:15, and R:20

### B. **Encourage neighborhood services** and mixed use development in residential neighborhoods.

#### **Allow live-work units in R:4, R:8, R:15, and R:20**

Consider allowing **neighborhood based services** in some areas (salon, personal services, etc.)

Consider **allowing height bonus** for including ground floor retail (Currently allowed 35 feet)

### C. **Reduce restrictions on where MF can be developed**

Allow and 3, 4, and 5+ (MF housing) in R:8 zones as long as it doesn't exceed the underlying zoning density.

- D. **Adjust parking requirements** to improve development feasibility and align to the needs of smaller households.

Do not require “guest” parking for triplexes, four-plexus and multifamily development. Currently requires 1:3 ratio of guest parking on top of the required 2 parking spaces per unit.

Reduce parking requirements for “bachelor” or “efficiency” units. Currently 1 parking space for each unit.

Require at least 2 off-street parking spaces on lots for SF home with an ADU (essentially don’t require addition of a third parking space for an ADU).

## Challenge #3: Utilities limitations within the city limits and UGA constrain development.

### Discussion

- We do not have an accurate accounting of the existing septic users within the city limits. County staff report rising water nitrates, suggesting that existing septic systems within the city limits are potentially degrading water quality. Protecting the aquifer water in Centralia is imperative to preserve high quality water.
- Lewis County is the lead in inspecting septic tanks in the UGA. However, inspections only happen when a house is built or sold.
- Requiring homeowners to connect to sewer can be expensive, and difficult if the home was not connected prior, or are required to do so through new development. In the past the city has tried offering a financing solution, but implementation was a challenge.
- Connecting to infrastructure is often the largest fees developers face for new development. Current development patterns may require developers to build new infrastructure across hundreds of feet of existing housing, open space, or through a flood plain.

### Needs

- Centralia needs to expand the city’s sewer system and connect more homes to services.

### Options

- A. **Consider a study of the tenure and ownership** of housing creating a barrier to expansion of sewer lines by new development.
- B. **Apply for grants** to support infrastructure expansion.
- C. **Require all new development to be connected to the sewer.**

Prioritize infill and Planned Unit Development (PUD) on parcels with sewer access.

D. Consider **city acquisition of land to consolidate and resell for development**. This will allow “development to pay for infrastructure.” The city would catalyze the consolidation of existing parcels. Consider coupling this strategy with protective measures for current low-income residents to prevent housing instability.

E. **Reconfigure the city’s UGAs** to ensure that they are serviceable by public utilities.

Would require a study on the feasibility of sewer expansion.

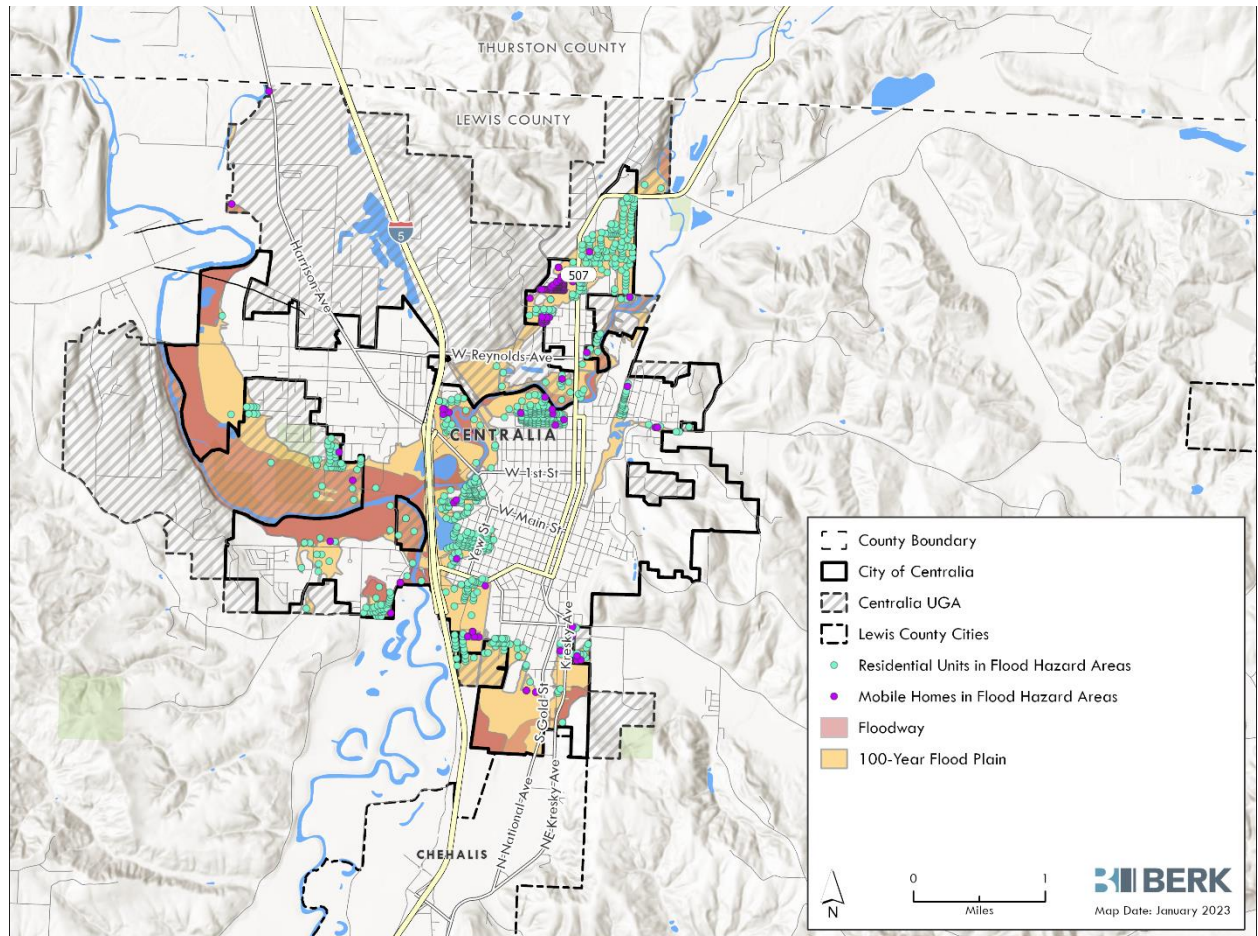
Would require coordination with Lewis County and approval by the state.

## **Challenge #4: Centralia has significant flooding risk throughout the city.**

### **Discussion**

- Flooding is a natural risk that impacts all housing units within the city’s floodplains and is Washington state’s most costly natural disaster. Being located on a flat river valley, many areas of Centralia are at risk of flooding. The city currently has 643 residential units in the floodplain.



**Exhibit 7. Residential units in Centralia's Floodplain, 2023**

Source: Lewis County, 2023; BERK, 2023

- New development is required to apply for a floodplain development permit. For housing, only single-family dwellings are permitted.
- Market prices have been rapidly appreciating in most of Centralia, and low-income households along the flood basins are at risk of being displaced.

### Needs

- Managing growth to prevent flood risk is a top priority to protect Centralia's residents. This will require greater emphasis on infill development in higher densities in areas safe from flood risk.
- Additional strategies are needed to protect existing housing stock within floodplains.

### Options

- A. Increase **development capacity away from the floodplains.**

- B. Continue to update the city's critical area ordinance and **flood mitigation plans** to address flood risk in Centralia.
- C. **Incorporate flood mitigation strategies** for existing housing units to preserve quality.
- D. Consider a **Residential Conservation (RC)** zoning designation to incorporate critical area preservation and flood management strategies as part of the site plan development.