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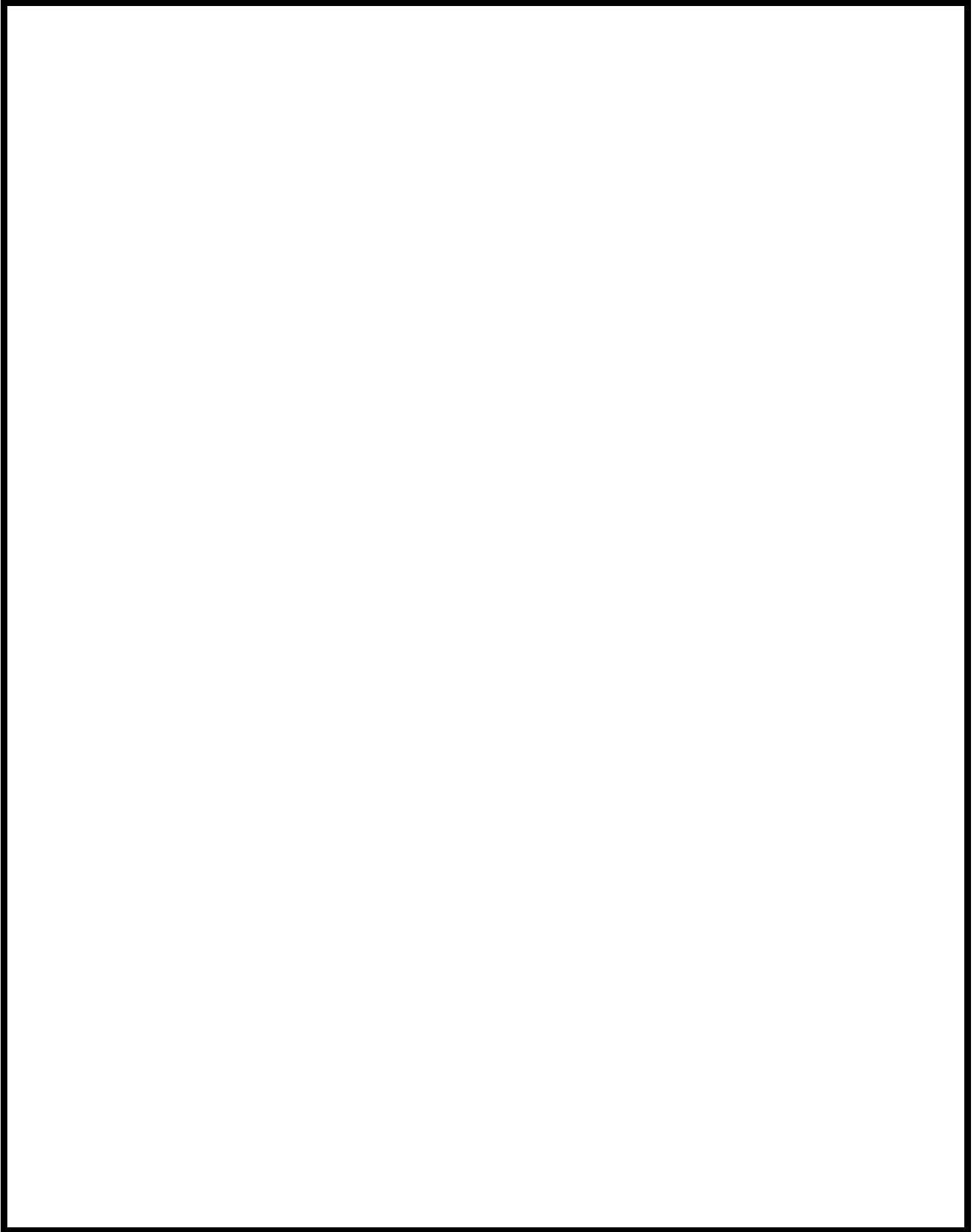
COMPREHENSIVE PLAN

SECTION B, ELEMENT 5

HOUSING

December 2008

"The supply of affordable housing is adequate to meet the needs of our diverse population. . . There is housing for people of all incomes."



ELEMENT 5

HOUSING

TABLE OF CONTENTS

5.1	INTRODUCTION	
5.1.A	Purpose	1
5.1.B	Summary of Housing Needs	1
5.2	GOALS AND POLICIES	
5.2.A	Housing Policies	9
5.2.B	Policies for Affordable Housing	10

5.1 INTRODUCTION

5.1.A Purpose

The purpose of the Housing Element is to identify and prioritize programs which advance a diversity of housing opportunities in the County. The Housing Element identifies housing needs in the county and establishes goals and policies to direct county actions to meet these needs. The element provides an opportunity to focus on the leadership role that local government can take to work cooperatively with all segments of the community in order to maintain and increase affordability within the context of protecting the public health, safety and welfare as well as maintaining a diverse community.

5.1.B Summary of Housing Needs

Appendix 5 in this *Plan* includes detailed information on the County's population and housing characteristics. Appendix 5 is the Housing Needs Assessment and provides the foundation for projections of housing units needed by all income groups. The Housing Needs Assessment provides information on income, employment, housing costs, and housing needs of diverse population groups.

Table 5-A

San Juan County Population Projections			
2008	2015	2020	2025
16,100	19,150	20,857	22,513

Table 5-B

Projected Housing Needs By Income Group					
Income Group	% of Area Median Income	2008 Income Limits (Family of 4)	# Current County Households	# County Households 2025	Increase
Very Low	0-50%	\$32,500	1714	2397	683
Low	50-80%	\$52,000	1192	1667	475
Moderate	80-95%	\$61,750	1192	1667	475
Middle	95-120%	\$78,000	1267	1771	504
Upper	120+	78,000+	2161	3022	861
Total			7526	10,524	2998

Nearly all estimates of the detailed characteristics of population and housing are based on scaling the information from the 2000 Census to current estimates of the County's total population and number of dwelling units, and on projected future growth of population at a rate of 2.2 percent per year. Estimates of housing need are based on a number of simplifying assumptions about people's financial resources and decisions about how they will meet their own housing needs. Due to the unique housing market, environment, and employment characteristics of San Juan County these estimates and assumptions must be considered with caution. It is clear, however, that if the County is to continue to provide a place to live and work for a wide variety of people, and to move toward a balanced, year-round economy in accordance with the Vision Statement and goals of the Land Use Element, the County must act to provide for housing affordable to working families of all income groups, as well as very low to moderate income groups. .

Housing Affordability

The U.S. Department of Housing and Urban Development (HUD) and the State of Washington have established 30 percent of gross income expended for housing, including cost of basic utilities (including water, sewage disposal, electric power, and fuel or power for space heating and cooking, but not including telephone), as the amount considered affordable for all income groups.

Household income groups are defined as very low, low, moderate, middle and upper income by the relationship of their income to the median household income for the County. Household income groups are not differentiated by household size in the Census. Households with incomes up to 50 percent of the median income are classified as very low-income; households with 50 percent to 80 percent of the median income are classified as low-income. Moderate-income households are those with 80 percent to 95 percent of the median, and middle-income households are those with 95 percent to 120 percent of the County median. Upper-income households are those whose household income is greater than 120 percent of the median. (In the discussion below, unless the very low-income group is separately mentioned, 'working households' is understood to include all earning or living on 150% of Area Median Household Income or less, i.e. approximately 75% of the County's population).

HUD and the State of Washington define income limits for public housing and housing subsidy programs by household size. HUD income limits are established each year based on estimated median family income. Table 5-6 in Appendix 5 show these income limits for the year 2008. These tables provide a guide to the cost of housing that would be considered affordable to households of various sizes in different income ranges. In evaluating specific projects, the applicable tables for the current year should be used.

Federal housing subsidy programs are only available to very low- and low-income families. Therefore housing strategies that emphasize support of subsidy programs operated by the state and federal governments address only the needs of these groups, and do not address affordability for other income groups.

Table 5-5 in Appendix 5 shows that approximately 23 percent of households in the County are classified as very low-income households. Approximately 16 percent are classified as low-income households, for a total of 39 percent low and very low-income households. The number of these households that would meet HUD very low-income and low-income limits by family size cannot be determined from Census data. Another 16 percent are classed as moderate-income households, 17 percent as middle-income households, and the remaining 29 percent as upper-income households.

Data on wages paid to workers in the County indicate that most households depending on locally-earned wages for their income would be expected to fall within the low- to middle -income categories, even if two wage earners contribute to the household income.

Affordable housing for workers is critical if local businesses, professionals, schools and other public agencies and other employers are to have a reliable source of experienced workers to provide the goods and services needed by island residents. Providing affordable housing is therefore important to meeting the County's goals for a dependable and balanced local economy. Information in the 2008 *Housing Needs Assessment* indicates that there is a continuing problem of housing affordability for these groups, and that the problem of affordability is more serious than it was at the time of the 2000 Census.

Existing affordable housing need is not necessarily a need for additional housing units to be constructed, but is a need to make existing units affordable for working households and those less fortunate. These units can be made available by income supplements, by purchase of existing units and resale or rent at lower cost, as well as by construction of new units. It is reasonable to assume that at least some very low- and low-income households occupy substandard housing units, and that

some additional housing available to low- and very low-income households should be constructed to meet the needs of these population groups.

Housing needs can be converted into annual housing construction and/or affordability targets for each income group based on the total of:

1. the number of new units needed to address **current housing need** on a phased program to meet that need over a period of time, plus
2. the number of units needed to address the additional housing needs resulting from each income group's share of **population growth**, plus
3. the number of units needed to **replace affordable housing units lost** from the affordable housing stock that year through demolition, price increases, or other conversion to non-affordable units,
4. less the number of **units added to the stock** of housing affordable to the target income groups by "filtering down" of units as preferences change and units with less desirable characteristics lose value, or by new construction of units, or by increases in household income.

Addressing Affordable Housing Need of Current Residents

Since the people in need of these homes already reside in the county, no additional dwelling units affordable to the very and low income groups need to be constructed to meet this need. Instead, existing housing may be made affordable by maintaining the subsidy for existing units, or by rehabilitating existing substandard units, or by providing vouchers that low-income families can use to supplement housing payments. By these methods, housing affordable to very low- and low-income households can be provided without additional housing construction.

Addressing Housing Need Resulting from Population Growth

Actual population growth should be used to determine need for development of additional housing. Population growth can vary substantially from year to year based on employment, construction and housing costs, and other factors. The projected population growth for the County to be used for planning purposes is defined by the State of Washington. The current annual growth rate to be used is 2.2 percent, or approximately 132 new households per year, the income characteristics of these households will largely depend on the availability of workforce housing.

Based on the increasingly dated 2000 Census percentages, approximately 39 percent of all households are very low- and low-income households and 16 percent are moderate-income households. Based on the assumption that 39 percent of the expected new households will be of very low and low income, an additional 51 units of housing affordable to very low- and low-income households would be needed in the year 2009, with the number increasing slightly each year thereafter. An additional 25 units would be needed for moderate-income households, and an additional 25 units would be needed for middle-income households, for a total of 101 units per year for all these groups.

Additional affordable housing needs to be provided on each of the islands in proportion to growth in full-time population and employment, so that affordable housing is provided where such housing is needed.

Addressing Housing Need from Loss of Existing Affordable Units, and Using Newly Affordable Units to Address Affordable Housing Needs

It is difficult to estimate the last two factors contributing to the stock of affordable housing, units lost to the affordable housing pool and units added to this pool by market factors. Based on current trends in land costs and the observed inability of low- and moderate-income households to find affordable housing, it is reasonable to assume that in the short term no net increase in the number of units affordable to low- and very low-income households will result from these two factors, and that at least a few additional affordable units will be needed each year to compensate for loss of such units as a result of market forces. Needs of moderate-income and middle-income households may be met from filtering-down of housing units from upper-income groups, and potentially from conventional unsubsidized housing construction at densities at the higher end of the density range available in the County.

Based on all these factors, at least 120 additional housing units affordable to very low- and low-income households will be needed each year for a period of 10 years. Because approximately 58 of these units result from growth in population, at least 58 such units should be added to the housing stock depending on actual population growth rates. An additional 13 units per year would be needed to meet the needs of new moderate-income households.

Updating of Housing Needs Assessment Based on Year 2010 Census

Because all these estimates are based on projections from the detailed population and housing profiles from the 2000 Census, it will be important to revise the *Housing Needs Assessment* if the Year 2010 Census indicates that there has been a substantial change in the proportion of households in any income group lacking affordable housing.

Available Land for Housing

Analysis of the development patterns in the County indicates that there are currently approximately 15,794 parcels in the county, including resource lands, the Friday Harbor urban growth area, the Eastsound urban growth area and the Lopez Village urban growth area which are zoned for residential and rural residential development. Just over 50 percent of the available parcels are developed. Additional development potential for both single- and multi-family residential development exists in Eastsound, Lopez Village and Friday Harbor. Based on potential subdivisions under subdivision standards at currently permitted development density, a substantial number of additional parcels could be created in unincorporated areas of the County.

Efforts to minimize development in rural areas through downzoning, the purchase of conservation easements by the Land Bank, the desire of some owners not to divide their properties, the limitations imposed by critical habitats or environmental hazards, and other factors, are expected to reduce the ultimate number of parcels that will be developed. Based on the ability to further subdivide, the County appears to have the capacity for approximately 50% of the current number of single-family detached units. Thus the County is far from exhausting the total land needed to meet the housing needs for all population groups. There are, however, substantial limits on the ability to develop this land for housing, particularly for housing affordable to working households.

Based on observed trends in assessed valuations and some anecdotal evidence presented at community meetings on housing issues, the housing market is currently acting to foreclose new opportunities for households who depend on wage or salary incomes, and to eliminate existing housing units that are available at affordable prices and rents to working households. Although the 2000 Census showed that many moderate-income households live throughout the County's rural areas, many of these people purchased their property at a time when land prices were low, and when there were many parcels available on which it was possible to locate a mobile home, manufactured

home, or other small dwelling. Many of these residents could not afford to purchase their current home with their current income at today's prices.

The housing problem is compounded in San Juan County by the seasonal nature of a substantial share of the County's employment, the seasonal or occasional use of approximately 28 percent of the housing stock, and the dual character of the housing market. San Juan County's housing market includes an unusually large component meeting the needs for retirement and vacation homes for people with non-wage incomes and wealth substantially greater than the county median. Because of the relatively small total number of properties available for sale and development in the county at any one time, it takes only a small change in this specialized market to affect prices in the remainder of the housing market, which must meet the needs of those whose primary income is the wages they make from work in the County.

Available Land in Rural Areas

Historically, most available land for housing has been in the County's rural areas. Recent anecdotal information indicates an increasing trend toward gentrification of substantial areas of land in the County, particularly shoreline and water view properties. Price pressure from these changes has caused land prices in interior rural areas to increase as well.

Policy changes included in Year 2000 amendments to the *Comprehensive Plan* reduced the number of potential land divisions in order to preserve the rural character of rural and resource lands. These changes made land for housing scarcer and more expensive in rural areas. In the past, rural areas have provided a substantial share of the county's low- and moderate-income housing. As these properties are sold, current trends indicate that they are no longer be available to working households. If the County is to preserve opportunities housing in rural areas, some special accommodation for workforce housing in rural areas, will be required. The rural residential cluster development concept proposed in the Housing Element policies has the potential to provide units in the rural lands but is unlikely to meet even 10 percent of the identified need for new workforce housing units.

The County's Village, Hamlet and Residential Activity centers provide some opportunity for low- and moderate-income housing; however, relatively few opportunities for further land division and development at densities conducive to affordable housing for these income groups remain even in these areas.

Available Land in Growth Areas

The urban growth area outside of the Town of Friday Harbor, and the County's two new urban growth areas, Eastsound and Lopez Village, are the most promising locations in the unincorporated area for the remainder of the low and moderate-income housing needed unless a new fully contained community is created in the County. Sufficient land exists in these three areas to meet the needs for housing identified for the next 20 years of development. The limited ability to expand water and sewer service in these areas has placed a temporary limit on the number of new units that can be constructed in these growth areas. A change to bond-funded utility construction is likely to be required, and major investments programmed, before these growth areas will be able to accommodate estimated development in an orderly manner.

It is clear that without intervention, including housing subsidies, the conventional housing market is unable to fully meet the need for decent and safe housing for the existing or projected working population. During the next decade, the affordability problem will increase for all sections of the workforce, the sheer weight of economics will drive working families from the county.

Success of Past Efforts

The County's policy of supporting non-profit groups developing affordable housing projects has resulted in the development of some exemplary projects over the past 20 years. However, the number of units produced through these efforts has been much less than needed to meet the needs of even 10 percent of the current population that has not found affordable housing.

Federal and State Affordable Housing Funding Programs

Federal and state affordable housing programs provide funds to build affordable housing, to supplement income of families who cannot find affordable rental housing in the conventional housing market, and to write down loans for purchase of housing. The federal or state funds are normally used to make up the difference between what the housing costs to develop, and what the occupants of the housing can afford to pay, typically based on 30 percent of their gross income from all sources. Subsidies for housing are provided through such devices as the mortgage interest income tax deduction, tax credits for those financing affordable housing, direct payments to organizations constructing or managing affordable housing, provision of housing vouchers to low-income tenants, and a variety of other methods. Community Development Block Grant funding can be used with substantial local flexibility to provide land or infrastructure for housing, or to provide grants or loans for housing rehabilitation.

Most aid programs that involve construction of housing require at least some matching funds from a local agency such as a local government, local housing authority or other local source. If the County can establish a permanent funding source dedicated to affordable housing, the County can increase, potentially by a substantial amount, the amount of housing provided in the County by non-profit housing providers.

Ability of Housing Policies and Programs to Meet Housing Needs

By building on the example of tremendous past efforts by non-profit housing providers, and increasing the level of effort through additional funding targeted specifically workforce housing, the County expects to encourage and support the construction of a substantial number workforce housing units over the next decade.

However, a number of major obstacles remain that indicate that the programs and policies identified will not be able to meet 100 percent of the identified need for workforce housing. These obstacles include:

- There is a large existing shortage of affordable units for working families households, 72% of which currently pay more than 30 percent of their income for housing. Meeting this need far exceeds the resources that might be available to the County over the next 10 years.
- Projected growth will mean that approximately a minimum of 61 working households will be added to the County's population each year for the next 17 years, adding to this existing need.
- Some potential sources of revenue for affordable housing, such as a property tax as authorized by RCW 85.52.105, will require approval by local voters.
- The legal authority for mandatory inclusionary zoning that requires a specific percentage of affordable units in projects with in-lieu fees for those not providing affordable housing is not well established in Washington because of the small number of jurisdictions with such requirements. Inclusionary zoning has limited applicability in San Juan County because of the small size of most projects, and the fact that most subdivisions are for lot sales rather than for speculative construction by developers or builders.

- The continuing strong demand for property in the County, based on the high perceived quality of life, and the appeal of the islands as a vacation and seasonal housing area, increases land values to the point that the gap between cost of new housing and ability to pay is almost unbridgeable without external assistance.
- The reduction in potential development density in rural lands, combined with increasing demand for vacation and retirement homes, substantially increased housing prices since 2000 and has reduced the ability of working households to locate in rural areas of the County.

Projecting data from the past several years to 2025 , the Housing Needs Assessment found that there is and will be a need in San Juan County for:

1. additional affordable, permanent rental housing;
2. additional affordable permanent workforce housing;
3. rehabilitation assistance for substandard housing and conservation of existing low- and moderate-income housing;
4. additional “safe houses” or shelters for victims of domestic violence;
5. housing for the chronically mentally ill;
6. an emergency shelter(s) and transitional housing;
7. housing for seasonal workers;
8. assistance with new home purchase or construction; and
9. assisted living homes.

5.2 GOALS AND POLICIES

Goal: To make adequate provision for a variety of housing choices in terms of type, cost, size, design, and suitability for various households including families, the elderly, the disabled, and housing for working families while recognizing the unique physical, social, and economic environment of the islands.

5.2.A Housing Policies (5.2.A.1-7):

1. Promote fair and equal access to housing opportunities for all persons.
2. Ensure that County policies, codes, and regulations do not restrict, prohibit or substantially increase the cost of establishing a variety of housing types including, but not limited to, government assisted housing, housing for low-income families, manufactured housing, multi-family housing, and group homes and foster care facilities; or impede the goals, policies and objectives of this Housing Element.
3. In accordance with the Federal Fair Housing Act, ensure that regulations for residential development do not preclude the siting of household facilities and shelters for special needs populations such as the developmentally disabled, mentally ill, victims of domestic violence, and the elderly.

4. Provide incentives and guidelines for efficient development patterns that preserve and enhance scenic open space, reduce sprawl and encourage development in activity centers through innovative site planning techniques which minimize road, sewer, water, and other infrastructure costs. Provide standards for cluster developments, small lots and small lot districts, manufactured housing, and planned unit developments
5. Maintain the quality and availability of the County's information on the need for and supply of affordable housing, the existing affordable housing units, and other housing trends by type, size and location, by improving permit intake records and procedures.
6. Monitor the availability and cost of housing in the County annually to determine if additional public action is necessary to ensure housing affordability for middle income households. To the extent that a need for affordable middle income housing which cannot be met in the private housing market is identified, extend affordable housing programs to the extent necessary to include middle-income households by expanding the definition of those who qualify for affordable housing by including households with up to 150% of the area's median household income

5.2.B Policies for Affordable Housing

Purpose:

To ensure that housing is affordable to working families through programs targeted at specific income groups or groups with special needs for whom the conventional housing market is unable to deliver sufficient suitable housing to meet the needs of the working population at affordable prices or rents.

Policies (5.2.B.1-15):

1. In order to ensure quality affordable housing development, provide for the sale or lease of County-owned land for affordable housing development by evaluation of the full scope of development proposals for their ability to meet County objectives, or by any other means allowed by law.
2. Evaluate and implement, if appropriate, delivery of affordable housing programs through contracting with neighboring jurisdiction's housing authorities, emphasizing programs which require current residency, and local employment.
3. Recognize the importance to low and moderate-income households of housing support services, and support the delivery by both County agencies and appropriate non-profit organizations of such programs as emergency assistance, loan counseling, landlord tenant counseling, and credit counseling, to improve the ability of these households to obtain and retain housing.
4. When considering funding, give priority to programs and projects that ensure permanently affordable housing, such as through non-profit ownership; or permanent funding sources, such as revolving loan funds.
5. Encourage and support the development and enhancement of utility systems in urban growth areas, Village, Hamlet and Residential Activity Centers where appropriate and necessary to eliminate obstacles to development of affordable housing. Such support may include use of housing funds or block grant funds for technical and management assistance, or for construction of facilities.
6. Maintain and expand the existing tiered density bonus program to provide further incentives for creating affordable housing. This program includes standards for innovative site planning

- techniques which minimize road, sewer, water, and other infrastructure costs, and standards to limit adverse impacts of additional density on adjacent properties and uses.
7. Provide opportunities and support for specific standards for locating seasonal and year-round worker housing such as dorms, bunkhouses, hostels, group homes, and other communal living arrangements. Standards should include compliance with all public health codes and measures to mitigate significant negative external impacts these facilities may have on adjacent properties.
 8. In order to provide affordable housing, allow for small-scale agricultural operations, and maintain housing opportunities for all income groups in rural areas of the County, provide for a limited number of small-scale rural residential cluster developments of no more than eight dwelling units each within rural lands and Village, Hamlet and Residential Activity Centers. Establish conditions regarding the allowable number, appropriate location, size, design, spacing, ownership, affordability, and permitted accessory uses in such clusters to ensure that such developments do not adversely affect the rural, natural and agricultural character of these areas. .
 9. Identify sending and receiving districts of specified development rights as a precursor to the creation of a Transfer of Development Rights (TDR) program. When such a program is adopted by the County, support projects and programs that transfer acquired development rights to identified receiving properties for the creation of affordable housing.
 10. Develop and facilitate programs as well as collaboration between all the different not for profit affordable housing developers to encourage and enhance the conservation of existing decent and safe affordable housing units, including conventional single-family and multi-family housing, manufactured housing, mobile home units and mobile home parks, throughout all areas of the County.
 11. Maintain a housing advisory board to advise the County Council on housing issues and to coordinate the development of affordable housing in the county.
 12. Utilize state, federal, and local housing resources and grant programs to the maximum extent possible consistent with the goals and policies of this element.
 13. Continue the owner-builder permit program and work to improve the flexibility of this program to enable citizens to construct their own homes.