

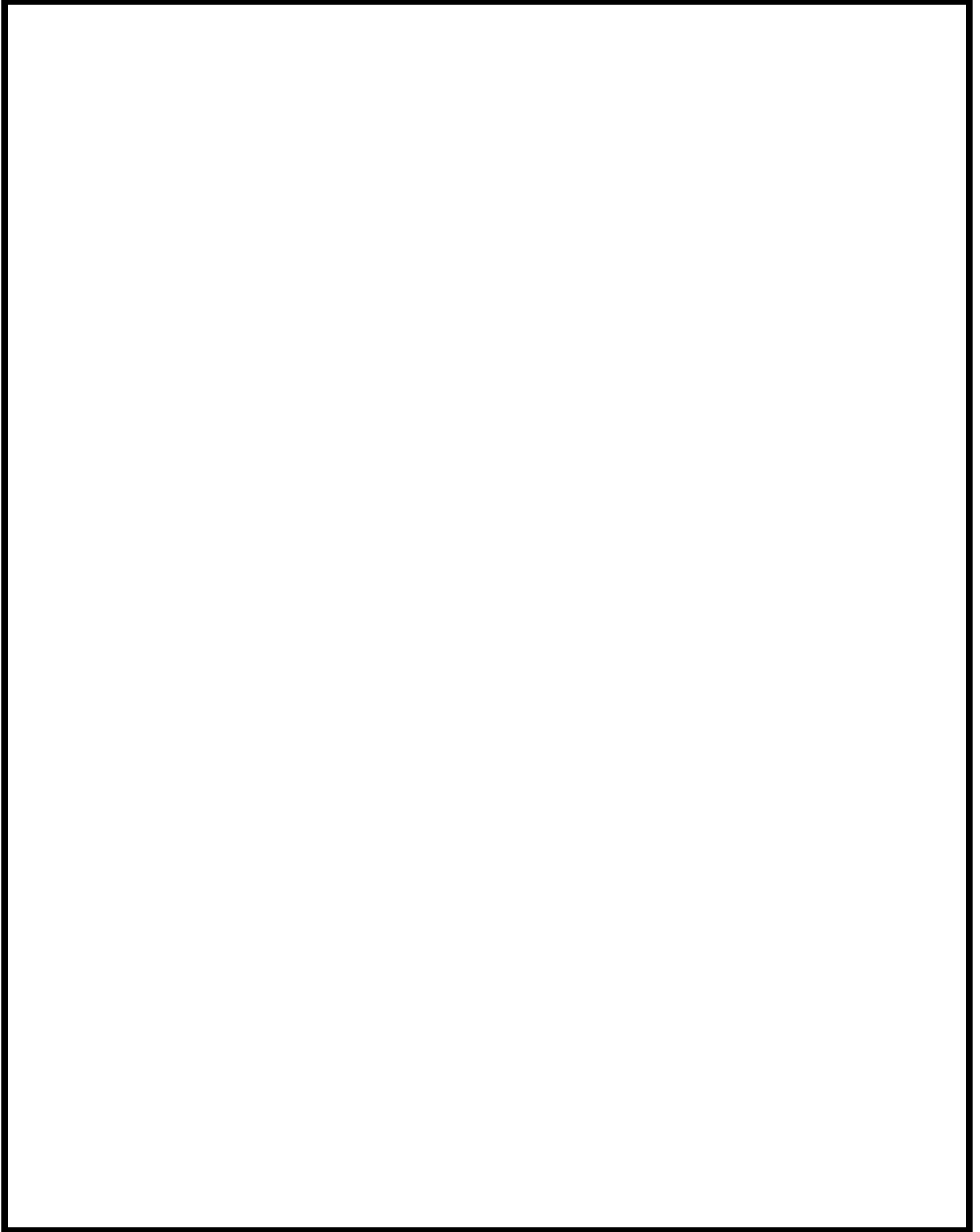
**COMPREHENSIVE PLAN**

**SECTION B, ELEMENT 5**

**HOUSING**

**July 2006 June 2009**

*"The supply of affordable housing is adequate to meet the needs of our diverse population. . . There is housing for people of all incomes." From The San Juan County Vision Statement: Basic Human Needs and Land Use*



# ELEMENT 5

## HOUSING

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## 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. ~~The first part of that appendix provides an explanation of some of the terms used in discussion of housing affordability, and Appendix 5 is the Housing Needs Assessment and provides the foundation for projections of housing units needed by all income groups. The second part of the appendix is the 2008-1999 Housing Needs Assessment.~~ The Housing Needs Assessment provides additional information on income, employment, ~~housing sales, housing construction,~~ housing costs, and housing needs of ~~special population groups such as the elderly and the disabled~~ all groups. ~~It also provides information on a number of federal and state housing programs. The term 'need' in relation to housing units concerns both rental and owner occupied units throughout and does not necessarily assume the maintenance of the current ratios.~~

Table 5-A

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

Table 5-B

Area Median Income Household Groups per HUD Standards					
<u>AMI Sectors</u>	<u>% of Income 2008 Income Limits For a Family of 4</u>	<u>% of SIC Households in 2000</u>	<u># of SIC Households in 2008</u>	<u># of SIC Households in 2025</u>	<u># of new Households in 2025</u>
<u>Very Low Income</u>	<u>0 to 50% of Median 0-\$32,500</u>	<u>23%</u>	<u>1,714</u>	<u>2,397</u>	<u>683</u>
<u>Low Income</u>	<u>50% to 80% of Median \$32,500-\$52,000</u>	<u>16%</u>	<u>1,192</u>	<u>1,667</u>	<u>475</u>
<u>Moderate Income</u>	<u>80% to 95% of Median \$52,000-\$61,750</u>	<u>16%</u>	<u>1,192</u>	<u>1,667</u>	<u>475</u>
<u>Middle Income</u>	<u>95% to 120% of Median \$61,750-\$78,000</u>	<u>17%</u>	<u>1,267</u>	<u>1,771</u>	<u>504</u>
<u>Low Upper Income</u>	<u>120%-150% of Median \$78,000-\$97,500</u>	<u>13%</u>	<u>969</u>	<u>1,355</u>	<u>387</u>
<u>Sub Total</u>		<u>85%</u>	<u>6,334</u>	<u>8,857</u>	<u>2,524</u>
<u>Upper 150%</u>	<u>150%+ of Median \$97,500+</u>	<u>15%</u>	<u>1,118</u>	<u>1,563</u>	<u>445</u>
<u>Total</u>		<u>100%</u>	<u>7,452</u>	<u>10,420</u>	<u>2969</u>

Table 5-C

<u>Island</u>	<u>2008 Population</u>	<u>% Population By Island</u>	<u>2025 Population By Island</u>	<u>Pop Growth by Island</u>	<u>Total# New Housing Units</u>	<u>Housing units UGA</u>
<u>San Juan</u>	<u>5,232</u>	<u>33% 2008 - 30.5%-2025</u>	<u>6,866</u>	<u>1,634</u>	<u>703</u>	
<u>Friday Harbor</u>	<u>2,425</u>	<u>14% 2008- 17% 2025</u>	<u>3,827</u>	<u>1,402</u>	<u>703</u>	<u>703</u>
<u>Sub Total</u>	<u>7,657</u>		<u>10,693</u>	<u>3,036</u>	<u>1,406</u>	
<u>Orcas</u>	<u>5,073</u>	<u>31.5%</u>	<u>7,091</u>	<u>2,018</u>	<u>934</u>	<u>467</u>
<u>Lopez</u>	<u>2,495</u>	<u>15.5%</u>	<u>3,489</u>	<u>994</u>	<u>460</u>	<u>230</u>
<u>Shaw</u>	<u>257</u>	<u>1.6%</u>	<u>360</u>	<u>103</u>	<u>48</u>	
<u>Total ferry served island</u>	<u>15,368</u>	<u>96.1%</u>	<u>21,633</u>	<u>6,151</u>	<u>2,848</u>	
<u>Total Non Ferry Served</u>	<u>631</u>	<u>3.9%</u>	<u>878</u>	<u>247</u>	<u>126</u>	
<u>Total</u>	<u>16,100</u>	<u>100%</u>	<u>22,513</u>	<u>6,413</u>	<u>2,969</u>	<u>1,400</u>

Nearly all estimates of the detailed characteristics of population and housing are based on scaling the information from the 2000 1990 Census to current estimates of the County's total population and number of dwelling units, and follow the Office of Financial Management's Middle Range Population Projections on projected future growth of population at a rate of 2.2-5 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. The assumption that the population is equally distributed

in the average household size of 2.16 leads to the conclusion that there are currently only 7,454 households in the County. ~~Because of~~ Due to the unique housing market, environment, and employment characteristics of San Juan County, these estimates and assumptions must be considered with caution. ~~However, 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 make provisions for the development of ~~consciously to provide for opportunities for development of~~ housing affordable to working families, as well as very low to moderate, middle and low upper income groups. ~~very low, low and 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 household 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. There are some households that fall into the HUD definition of Upper Income, however they only earn between 120 percent and 150 percent of the AMI, a group that in San Juan County may be cost burdened by the price of housing. This group is referred to as low upper income households throughout. Upper-income households are those whose household income is greater than ~~150~~ 120 percent of the median. (In the discussion below, unless the very low-income group is separately mentioned, “low-income households” is understood to include very low-income households.)

~~Figure 5-1 in Appendix 5 shows the distribution of household incomes for San Juan County in 1989 based on the 1990 Census, and shows incomes associated with each income group at that time. A problem of housing affordability exists when a substantial portion of households in an income category are paying more than 30 percent of their income for housing. Figure 5-2 in Appendix 5 shows the percent of households paying more than 30 percent of their income for housing by income category, based on the 1990 Census. This figure shows that for the highest income group considered by the Census, those with incomes greater than \$50,000 per year, only 1.7 percent paid more than 30 percent of their income for housing. Of those with incomes from 0 to \$10,000 per year, 85 percent paid more than 30 percent of their income for housing. Of those with incomes from \$10,000 to \$20,000 per year, 51 percent paid more than 30 percent of their income for housing. Of those with incomes from \$20,000 to \$35,000 per year, just over 20 percent paid more than 30 percent of their income for housing, and for those with incomes from \$35,000 per year to \$50,000 per year, 13 percent paid more than 30 percent of their income for housing. Based on these Census statistics, estimates were made of the percentage of households in each income category paying more than 30 percent of their income for housing. These estimates are shown in Table 5-1 in Appendix 5. These figures indicate that a significant problem of housing affordability definitely exists for very low income and low income households. Of moderate income households, a substantial 20 percent were unable to find housing acceptable to them for less than 30 percent of their income, and of middle-income households, approximately 17 percent were estimated to be paying more than 30 percent of their income for housing. These percentages are high enough to indicate that people in these income categories seeking to locate in the County may have trouble finding affordable housing.~~

Table 5-15 in Appendix 5 shows the distribution of household incomes in San Juan County in 2008 based on the 2000 Census and HUD AMI categories. Table 5-16 shows the approximate number of households in the different AMI categories that pay 30+ percent of their gross income for housing. This table shows

that 36 percent of the very low and 48 percent of low income households pay more than 30 percent for their housing. 72 percent of moderate and middle income households cannot find housing sufficient to meet their needs for less than 30+ percent of their gross income. The figures in Tables 5-15 and 5-16 show that there is a significant problem for very low to middle income households in finding affordable housing in the County.

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, ~~through a process outlined in Appendix 5.~~ Tables ~~5-17, 5-2 and 5-3~~ in Appendix 5 shows these income limits ~~and affordable housing costs based on these income limits~~ for the year ~~2008-2000.~~ Table 5-19 shows the maximum housing costs for each of these sectors that would be affordable. 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 (0-80 percent of the AMI). 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.

~~Figure 5-1~~Table 5-B5 in Appendix 5 above shows that approximately ~~23~~ 22 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~~ 38 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~~ 9 percent are classed as moderate-income households, ~~17~~ 3 percent as middle-income households, and ~~13 percent the remaining 2940 percent as low~~ upper-income households. The remaining 15 percent of households are considered upper income. More recent data suggests that the percentage of upper income households in the County has increased since 2000.

~~The County's 1992 Housing Needs Assessment includes an estimate that approximately 456, or 31 percent, of a total of 1,473 very low and low income households were paying more than 30 percent of their income for housing based on HUD definitions. 59 percent of these households were renting, with the remaining 41 percent owning their unit. Of 283 moderate income households, 56, or 19.8 percent, were paying more than 30 percent of their income for housing. Anecdotal evidence and testimony to the Planning Commission and Board of County Commissioners indicates that housing affordability is a potentially significant problem even for middle income households in San Juan County.~~

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 and middle~~ moderate-income categories, even if two wage earners contribute to household income. ~~(Creative Housing Solutions, Housing Needs Assessment for San Juan County, 1999, page 4). 1990 Census data on the 2,897 family households in the County (households consisting of a householder and one or more other individuals related by birth, marriage or adoption), 26.3 percent had one worker, 43.2 percent had two workers, and 7.9 percent had three or more workers in the household. 22.5 percent had no workers in the household.~~

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.

Information in the 1999 Housing Needs Assessment indicates that there is a continuing problem of housing affordability for these groups, and that the problem of affordability is likely to be at least as serious as it was at the time of the 1990 Census. Based only on an estimated population growth in the County since

~~the 1990 Census of 26.5 percent to 12,700 in 1999, the current number of very low and low income households paying more than 30 percent of their income for housing is estimated at approximately 577, of which 333 are very low income and 244 are low income. Based on the percentages at the time of the 1990 Census, 342 of these households are estimated to be renters, and 186 to be owners.~~

~~The Housing Needs Assessment also documents housing needs for special needs groups including seniors, physically and developmentally disabled, victims of domestic violence, and others.~~

Existing affordable housing need is not ~~necessarily solely~~—a need for additional housing units to be constructed, but there is also a need to make existing units affordable for low- ~~and moderate to middle~~ income households. 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~~
12. the number of units needed to address the additional housing needs resulting from each income group's share of **population growth**, plus
23. 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**

~~If one assumes that the existing need for approximately 580 additional dwelling units affordable to very low and low income households is fully addressed in a 10 year effort, the number of additional very low and low income housing units needed each year for 10 years is approximately 58. Since the people in need of these homes already reside in the county, no additional dwelling units affordable to the very low and low income groups need to be constructed to meet this need. Instead, existing housing may be made affordable by maintaining the subsidy for ~~izing~~ 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 County is expecting 2,969 new households by 2025, or approximately 175 per year. The current annual growth rate to be used is 2.25 percent, or approximately 146 new households per year, the income characteristics of these households will largely depend on the availability of~~ workforce housing affordable to the variety of income groups. ~~at all income levels on a current estimated base of 5,839 households.~~

Based on the ~~increasingly 1990~~ out of date 2000 Census percentages, approximately 38 percent of all households were very low- and low-income households, and ~~16~~ 9 percent were moderate-income households. Based on the assumption that 38 percent of the expected new households will be of very low and low income, ~~an additional 56 of the 175 units needed per year, 66~~ units of housing affordable to very low- and low-income households would be needed in the year ~~2000~~ 2009, with the number increasing slightly each year thereafter. ~~An additional 28~~ 13 units would be needed for moderate-income households, and ~~an additional 30~~ 19 units would be needed for middle-income households. The total number of units needed per year to meet the demand for housing affordable for the very low, low, moderate and middle income households will be approximately 124 units. for a total of 188 units per year for all these groups. An additional 51 units per year would be needed to meet the needs of new low-upper and upper income households.

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.~~

The increased population will, by definition, increase the demand for a variety of social housing needs, such as domestic violence shelters, transitional housing, elderly care facilities, assisted living facilities, seasonal labor accommodations and others.

#### **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 are much more likely to be met from filtering-down of housing units from middle and upper-income groups, and from conventional unsubsidized housing construction at densities at the higher end of the density ranges available in the County.

It is likely that workers currently nearing retirement age will cease working over the planning horizon and the housing units they currently own will not be available for those people who may take over their positions. This may exacerbate the need for low to middle income housing.

Based on all these factors, at least ~~124~~ 120 additional housing, whether for purchase or rental units affordable to very low, low, moderate and middle income - ~~and low income~~ households will be needed each year for a period of ~~17~~ 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.~~

In addition, the County's projected population in 2025 reveals a lack sufficient numbers of working age people to fill the positions likely to be available in the county, which may mean that approximately 3,443 workers will need to commute into the county on a daily basis. The clearest method to reverse this trend is to support the construction of housing that is available at a variety of rental price points or affordable to first time home buyers.

## **Housing Affordability for Middle-Income Households**

The 2000 Census identified a significant housing affordability problem for moderate and middle income households. Approximately, 879 households earning between \$61,750 and \$78,000, or 72% of those groups could not find suitable housing for 30% or less of their gross household income. Anecdotal evidence suggests that rental housing for households in these categories may be currently available; however that is likely to change over the planning period. The 1990 Census did not identify a substantial housing affordability problem for middle income households in San Juan County. Eighty two households, or approximately 13 percent of the households in the \$35,000 to \$50,000 per year income category whose affordability was calculated, were paying more than 30 percent of their annual income for housing at that time (see Appendix 5, Tables 5 4 and 5 5, and Figure 5 3). This group includes both middle and upper income households. This 13 percent may be compared to 86 percent paying more than 30 percent of their income for the under \$10,000 household income group, 52 percent for the \$10,000 to \$20,000 group, and 20 percent for the \$20,000 to \$35,000 income group. However, anecdotal evidence presented at public hearings on the Comprehensive Plan, and the expected price inflation resulting from downzoning of rural lands, indicate that middle income households may face a greater housing affordability problem now and in the next few years than they did in 1990. The housing needs of upper-income households are assumed to be met adequately within the normal operation of the housing market, and no special provision for the needs of this group is required.

## **Updating of Housing Needs Assessment Based on Year 2010 2000 Census**

Because all these estimates are based on projections from the detailed population and housing profiles from the ~~2000~~ 1990 Census, it will be important to revise the *Housing Needs Assessment* ~~if the~~ as soon as the Year ~~2010~~ 2000 Census becomes available and if it indicates that there has been a substantial change in the proportion of households in any income group lacking affordable housing.

## **Accessory Dwelling Units (formerly, “Guest Houses”)**

The County’s existing inventory of ~~accessory dwelling units guest houses supplies provides a supply of housing units for some very low, low, moderate and middle income households. Outside of UGA’s and Activity Centers, the construction of new ADU’s is limited to a proportion of issued building permits per year, currently averaging about 10-12 per year. Over the planning period it is expected that a number of these units will provide housing affordable for some households, however, their size limitations and (often) desirable locations may encourage owners to pursue the vacation rental market. existing and potential dwelling units for low and moderate income people. The number of guest houses is expected to grow with the construction of additional housing units and to remain at an approximately constant percentage of all housing units. The number of existing guest houses and other accessory units was estimated by County staff based on 1999 County Assessor and building permit records. This estimate shows that approximately 24.8 percent of existing developed single family residential parcels currently have a guest house (defined for this analysis as any second or additional detached structure with at least a bedroom and plumbing for a kitchen and bathroom on a single family developed parcel). 1948 such structures were identified in the Assessor records. An additional 119 internal accessory dwelling units (dwelling units with plumbing for an additional kitchen with more than one bedroom and bath) on single family parcels were identified in the study.~~

~~This estimate was further divided into shoreline and upland parcels. Of 2,346 single family developed shoreline parcels, 630, or 26.9 percent, had one or more guest houses. Shoreline guest houses are assumed not to be generally available for long term rental because of their potential for high rents as seasonal rentals.~~

~~Of 4,309 single family developed upland parcels, 1,021 parcels, or about 23.7 percent, had one or more guest houses, with a total of 1,230 guest houses. Upland parcels with guest houses are approximately 15.3~~

percent of all single family developed parcels. If 50 percent of these properties have a long term rental, about 510 such dwelling units are potentially available to low and moderate income households in the current housing stock. There is no information on the actual number of such rentals.

Because new guest houses are required to be less than 1,000 square feet in floor area, it is reasonable to assume that nearly all guest houses rented on a long term basis are affordable to moderate income households. For purposes of analysis, it was assumed that no more than 20 percent of guest house rentals would be affordable to low income households. Approximately 150 new primary dwelling units are added to the County's inventory each year at a growth rate of 2.5 percent per year used for planning purposes. If upland parcels continue to provide guest houses at the rate of 15 percent of all new single-family parcels developed, and half of these parcels provide a long term rental, guest houses and other accessory dwelling units could provide 10 to 15 additional affordable housing units per year, enough to meet approximately 20 percent of the total need for new low and moderate income housing, primarily in the moderate income category. This component of the housing supply is larger than the number of subsidized housing units that were constructed in the County over the past decade, and is a substantial share of affordable housing supply that is important to encourage and maintain.

The permanent occupancy of guest houses at this rate represents an approximately 12 percent greater occupancy of a typical upland residential area than implied by the density standard, which is not enough to counterbalance the substantial vacancy that results from the fact that according to the 1990 U.S. Census, approximately 20 percent of the County's housing is occupied only seasonally or occasionally. On an annual average basis, therefore, guest houses at the current level of construction and occupancy are not expected to overtax utilities or septic systems under current development conditions. Improving the County's permit intake records and a better assessment of the current use of guest houses are needed to better track the availability of guest houses, their contribution to meeting the need for affordable housing, and their long term effect on development density.

### **Available Land for Housing**

Analysis of the development patterns in the County indicates that there are currently approximately 15,794 13,000 parcels in rural areas in the county, (not including resource lands, the Friday Harbor urban growth area and the Eastsound Village Growth Area), which are zoned for residential and rural residential development, of which somewhat less just over than 50 percent are developed. Additional development potential exists on some of the existing rural lots through subdivision, and a significant potential for for both single- and multi-family residential development exists in Eastsound, Lopez Village and Friday Harbor UGAs. Based on potential subdivisions under proposed conservation 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 development rights or 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, under the current plan substantially below the maximum potential number permitted by established density districts. Based on the ability to further subdivide, the County appears to have the capacity for approximately a further three to four times the current number of 8,935 single family detached housing units. Thus the County is far from exhausting the total land needed to meet the housing needs for all population groups. However, there are substantial limits on the ability to develop portions of this land for housing, particularly for housing affordable to very low to middle income low and moderate income 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 which depend on wage or salary incomes in the very low, low and moderate income groups

~~or otherwise fall into very low, low, moderate, middle and low upper income categories~~ and to eliminate existing housing units that are available at affordable prices and rents to households in these income ranges. ~~Even middle income households (households whose income is 95 percent to 120 percent of the County median by household size) are likely to have difficulty finding affordable housing.~~ Although the ~~2000~~ 1990 Census showed that many low- and 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 ~~29~~ 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* ~~are expected to somewhat reduced~~ the number of potential land divisions in order to preserve the rural character of rural and resource lands. These changes ~~made will make~~ land for housing ~~even more 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 will ~~in general~~ no longer be available to ~~low- and moderate~~ ~~and middle~~-income households. If the County is to preserve opportunities for low- ~~and moderate~~ ~~and middle~~-income housing in rural areas, ~~management of the trend to gentrification, or some special accommodation for low- and moderate~~ ~~and middle~~-income 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 approximately potentially~~ 125 new affordable housing units per year in rural lands, ~~or about but is unlikely to meet even~~ 10 20-percent of the identified need for new ~~very low, low, moderate and middle income~~ ~~low and moderate income~~ 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 ~~potential~~ 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 ~~UGA~~ areas to meet ~~50% of the housing needs of the population growth attributed to their respective islands. the needs for housing identified for the next 20 years of development.~~ However, ~~the~~ ~~The limited~~ ability to expand water and sewer service ~~in these areas has placed at least a temporary limit~~ ~~places constraints~~ 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 all the existing or projected very low, low, moderate and middle income- ~~and low income~~ population. During the planning period next decade, the a significantly greater affordability problem is most likely to increase for all sections of the very low, low, moderate, middle and low upper income sectors. ~~for moderate income households is expected as well.~~

### **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 ~~10~~ years. ~~However, the~~ The number of units produced through these efforts; however, has been much less than needed to meet the needs of even 10 ~~20~~ percent of the current ~~low and moderate income~~ 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. A number of the specific programs that are or could be made available in San Juan County are described in the *Housing Needs Assessment*.

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 these past efforts, and increasing the level of effort through additional funding targeted specifically at very low, low-, and moderate - income middle, and low upper income housing, the County expects to encourage and support the construction of a ~~substantial~~ number of housing units over the next decade that are affordable to very low, low, moderate, middle and low upper income groups.

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 very low, low, moderate, middle and low upper income housing. These obstacles include:

- There is a large existing shortage of affordable units for very low to middle income working families ~~low and moderate income~~ households, represented by the estimated 2,078 households in these  
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~~categories nearly 600 households 72% of which~~ who currently pay more than 30 percent of their income for housing. Meeting this need alone far exceeds the resources that might be available to the County over the next ~~17~~ 40 years.

- Projected growth will mean that approximately ~~46 or more additional low and very low income a minimum of 61~~ 124 very low, low, moderate and middle income households will be added to the County's population each year for the next ~~17~~ 40 years, adding to the ~~is~~ existing need.
- ~~Use of a real estate transfer excise tax, one of the most appropriate and logical sources of revenue for affordable housing programs, is currently precluded by state law.~~
- ~~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 for very low, low, moderate, middle and low upper income households ~~is substantial almost unbridgeable.~~
- The reduction in potential development density in rural lands, combined with increasing demand for vacation and retirement homes, ~~is expected to substantially increase~~ housing prices approximately 125 percent since 2000 and has reduced the ability of ~~low and moderate income~~ very low, low, moderate and middle income households to locate in rural areas of the County ~~in the future.~~

Projecting data from the past several years ~~to 2025 into the next twenty~~, 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 owner occupied 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 **5.2 OBJECTIVES, GOALS AND POLICIES**

Objective: 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 very low, low, moderate, middle and upper middle income households while recognizing the unique physical, social, and economic environment of the islands.

Objective: Maintain the demographic variety of our community by supporting the availability of housing for the very low, low, moderate, middle and low upper income earners in the County.

Objective: Reinforce where possible and establish where necessary a continuum of care for people with special needs in UGAs and Activity Centers, including emergency housing, transitional housing, assisted living, group homes, senior housing, and very low income housing.

Objective: In conjunction with the Town of Friday Harbor, promote the provision of an adequate supply of housing through interjurisdictional and private-public efforts.

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 very low-, low-, and moderate-income ranges while recognizing the unique physical, social, and economic environment of the islands.

## **5.2.A Housing Goals**

Goal: To provide a geographical and regulatory opportunity for the annual construction of the minimum number of needed housing units affordable to very low, low, moderate and middle income households.

Goal: To encourage the ongoing maintenance and rehabilitation of existing affordable units and currently substandard units.

Goal: To encourage the development of mixed income neighborhoods within municipal and non municipal UGA's and Activity Centers.

Goal: To encourage the development of densely populated mixed-use districts within the County's UGA's.

Goal: To encourage the orderly development of required capital facilities and capital facility planning.

## **5.2.BA Housing Policies (5.2.BA.1-712):**

### Purpose:

To ensure that housing may be developed within a regulatory environment marked by clearly written standards and easily understood expectations backed by an effective, rigorous but adaptable enforcement code.

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. Allow and encourage the rental of accessory dwelling units on a long-term basis to provide opportunity for affordable housing.
4. 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.
5. 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.
56. Improve the quality and availability of the County's information on the need for and supply of affordable housing, ~~the maintenance of existing affordable housing units,~~ and other housing trends by type, size and location, by improving permit intake records and procedures.
67. 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 ~~is identified~~ for affordable middle-income housing which cannot be met in the private housing market ~~is identified~~, extend affordable housing programs to ~~the extent necessary possible to include~~ middle-income households by expanding the definition of those who qualify for affordable housing to include households with up to 150% of the area's median household income.
7. Identify and assess the condition of and facilitate the rehabilitation of existing substandard housing.
8. Provide the most up to date information on critical environmental areas and natural resource lands to identify potential land development constraints.
9. Identify and address potential mitigation for critical area impacts as early in the permitting process as possible.
10. Refine permitting processes and identify methods to minimize delays in the development process.
11. Research the creation of an impact fee program to fairly offset the cost of new public facilities needed by each new housing unit or business.
12. Encourage and support greater opportunity for the development of innovative housing types, such as residential units in mixed use developments, single family attached, duplexes, triplexes, apartment buildings and multi-care facilities. Encourage clustering in UGAs and Activity Centers.

## **5.2.CB Policies for Affordable Housing**

Purpose:

To ensure that housing is affordable to all income groups 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 very low, low, moderate and middle income population at affordable prices or rents.

Policies (5.2.C.1-2115):

- ~~1. Establish the County's role in the provision of affordable housing as the facilitator of non-profit and for-profit development and financing initiatives. The County will undertake no direct housing development.~~
- ~~2. Establish an independent Housing Trust Fund with a funding resource within the County to support development and conservation of affordable housing. The Housing Trust Fund will be used for purchasing land, for assisting with financing, for providing infrastructure, and for providing such management and technical support that may be necessary to encourage the development of affordable housing in the County.~~

~~One or more appropriate funding sources such as a real estate excise tax, building or land use permit fees, affordable housing in lieu or impact fees, property tax, other fee or tax, or revenue bonds based on these revenue sources, as available under state law shall be established, subject to voter approval if required. The combined funding mechanisms should be established and set at such a rate that they can produce sufficient revenue, when combined with other funding sources and residents' rental or mortgage payments, to meet a substantial portion of the identified annual housing need for those income groups for whom housing needs cannot be met in the private development market.~~

- ~~13.~~ In order to ~~ensure quality support~~ affordable housing development, provide as appropriate for the sale or lease of appropriate County-owned land for permanently affordable housing development. The County will by evaluation evaluate of the full scope of such development proposals for their ability to meet County objectives, or by any other means allowed by law.
2. Carry out a study within 24 months of Comprehensive Plan Update adoption to examine the viability of appropriate public land for affordable housing.
3. Continue to examine the County's role in the provision of affordable housing by further studying the potential benefits and harms of a joint San Juan County and Friday Harbor Housing Authority and to offer support for non profit and for profit housing providers.
4. Evaluate and implement if , as appropriate, delivery of affordable housing programs through contracting with neighboring jurisdiction's \_housing authorities, that currently administer such programs, subject to appropriate limitations including emphasizing s on programs which require current residency, and local employment. programs that provide supplementary income for housing in existing housing units.
5. Study the potential of a permanent, voter approved, funding mechanism for Affordable Housing such as levy lid lift, Real Estate Excise tax or through some other means such as impact fees, property taxes, recording fees and revenue bonds.
6. Review, within 24 months of the adoption of this update, all development regulations for UGAs to ensure the regulations that enhance and encourage creation of denser, walking centered communities.
7. Study the possibility of developing 'inclusionary zoning' in some areas of the UGAs.
8. Encourage the development or rehabilitation and adaptation of housing that is responsive to the physical needs of special needs populations such as enhanced building and site plan requirements that emphasize accessibility.

9. Revise and adopt, within 24 months of adoption of this Comprehensive Plan Update, a definition for Short Term, Long Term and Permanent Affordability with corresponding benefits and restrictions determined by housing type.
105. Recognize the importance to low and moderate-income households of housing support services, and support the delivery by County agencies and appropriate non-profit organizations of such programsservices as emergency assistance, loan counseling, landlord tenant counseling, and credit counseling, to improve the ability of these households to obtain and retain housing.
116. Prioritize programs and projects, 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.
127. Encourage and support the development and enhancement of utility systems in urban growth areas, Village, Hamlet, MPRs 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.
138. Formulate a Expand the existing tiered density bonus program to provide an further incentives for creating affordable housing. Such aThis program should 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. This program should also entail a determination of increased densities necessary to make multifamily housing units profitable.
149. Provide opportunities and support for y and 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 and public infrastructure.
1510. 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, pProvide for a limited number of small-scale rural residential cluster developments of no more than twelve eight-dwelling units each within rural lands, excluding Resource, Natural and Conservancy designated 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 rural lands these areas.
1611. Identify sending and receiving districts of specified development rights as a precursor to the consideration of the creation of a If a Transfer of Development Rights (TDR) program. When such a program is adopted by the County, support projects and develop programs that o transfer acquired development rights to identified affordable housing receiving properties for the creation of affordable housing. by donation. This would allow an affordable housing developer to build more units within a project than would otherwise be permitted under the density provisions of the Land Use Element without increasing net buildout.
17712. Develop and facilitate programs and facilitate as well as collaboration betweenamong 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, and to discourage the conversion of these units to housing not affordable to income groups unable to obtain affordable housing in the conventional housing market.

~~13. — Maintain a housing advisory board to advise the Board of County Commissioners on housing issues and to coordinate the development of affordable housing opportunities in the county.~~

18814. Utilize state, federal, and local housing resources and grant programs to the maximum extent possible consistent with the goals and policies of this element.

~~1915.~~ Continue the owner-builder permit program and work to improve the flexibility of this program to enable citizens to construct their own homes.

~~20. Continue to work with the Washington Department of Revenue to ensure that permanently affordable housing units are assessed at, and are taxed, according to their restricted resale value.~~

~~21. Encourage the design, construction and maintenance of quality affordable rental units to serve long term residents of various family sizes and income levels.~~