



# San Juan County Health & Community Services

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## Affordable Housing in San Juan County, Washington Frequently Asked Questions

### 1. Why are we talking about affordable housing?

Working class families are struggling to find affordable housing. As the economy improves and jobs become more plentiful the lack of housing grows more acute. There are also more rentals removed from long term to short-term vacation rentals because the San Juans are a tourist destination. The last several decades have seen increased demand for housing and the decreased available long-term housing stock. This situation of high demand/low stock forces rental rates upward that the average wage earner cannot afford.

### 2. What is “affordable?”

Banks and economists have adopted a standard of no more than 30% of household income to be used to cover housing costs. For rental housing this includes utilities paid by the tenant. For ownership housing this includes the principal and interest on the mortgage and taxes and insurance on the property. This standard generally enables households to have sufficient income for other expenses, such as food, clothing, transportation, health care, and savings.

The chart below translates some typical hourly wages in San Juan County into the amount of rent an individual could afford or the amount of a mortgage they could pay:

Hourly Wage	Annual Income at Full-Time	Affordable Rent*	Mortgage^ after 20% down payment
\$15	\$31,200	\$680	\$143,886
\$20	\$41,600	\$940	\$191,848
\$25	\$52,000	\$1,200	\$239,810

\* Rent assumes avg. \$100 per month spent on electricity & heat

^ Mortgage assumes 5% interest, 30-year loan, minus taxes & insurance

### 3. Who needs housing?

People in need of housing in San Juan County range from individuals working full time in retail, homecare services, construction, education, health care, utilities, and more. Typically wages in the county are the lowest or second lowest of all counties in the State of Washington, yet rents and home prices are typically among the highest in the State. In addition, there are seniors, people with disabilities and a growing population of islanders who are homeless.

### 4. Why is it so challenging to increase the supply of affordable housing?

Developing adequate rental and ownership housing that is affordable at local wage rates is a challenge in nearly all housing markets. Due to its geography and desirability as a destination, economic factors in San Juan County present even more challenges, and these apply to both for-profit and nonprofit developers.

The price of real estate in San Juan County is determined by the demand of buyers from all over the world. This means that prices are divorced from local market factors, such as the wages. Most islanders' income comes from sources other than wages (i.e. interest, dividends, etc.). Wage earners cannot keep up with the rising real estate costs. Additionally, the cost to develop real estate is higher than on the mainland because land costs and infrastructure are expensive, and it is more expensive to ship in building materials. Also, skilled labor is primarily focused on the more lucrative custom home market. For the few builders who do build speculatively, they typically price homes in the mid \$300,000 to \$400,000 range, which is not affordable for most island wage earners. It is even more rare to find private developers in San Juan County who build multi-family rental housing.

Non-profit affordable housing organizations in the islands face the same market challenges as their for-profit counterparts. Additionally, they are greatly under-funded. They rely on grants and donations to close the gap between rents and home mortgages that are affordable to islanders. For every 100 very low-income renters, there are only 20 affordable rental units. For aspiring homeowners, the gap between the cost of housing and what the household can afford is typically between \$75,000 and \$125,000 per home. The pace of delivery by non-profits is based on the availability of grants and donations and not on the needs of islanders.

5. **What is the government doing?**

**Federal:** From the late 1960s into the 1980s most new affordable housing was funded through Federal Housing & Urban Development (HUD) programs - focused on rental housing. Due to policy changes the federal funding has decreased significantly since the mid-1980s.

**State:** In the 1990's Washington state created a Housing Trust Fund (HTF). In the past this Fund has proven to be an excellent source for San Juan County. Unfortunately, this too is now a greatly underfunded program.

**Local:** Currently San Juan County has a small fund (\$100,000 in 2016) to support affordable housing through a recording fee established by State law. These funds provide rental subsidies for very low income households and some funding to help with new affordable development projects. Non-profits report that these grants provide less than 1% of what they need.

6. **Should a Housing Authority be considered to help develop more rental housing?**

No. Housing Authorities were established in the 1960's as a way to distribute Federal funding. Since the decline in Federal support of affordable housing, Housing Authorities no longer have access to significant funding. Existing non-profit organizations can therefore accomplish the same things as a Housing Authority without as much burdensome overhead.

7. **Does affordable housing mean HUD housing?**

No. Subsidized governmental housing (such as housing that was developed by HUD in the 1960s and 70s) is only one form of "affordable housing." Affordable housing can be publicly or privately funded and operated. Affordable refers to a standard for no more than 30% of a household's income being used to cover housing costs.

8. **What types of affordable housing are available in the San Juan Islands?**

On San Juan, Orcas, Lopez and Waldron there are Community Land Trusts that offer perpetually affordable ownership and rental opportunities. Other local programs through Homes for Islanders and the Lopez Community Land Trust offer home ownership opportunities using sweat equity. There are also numerous apartments that were constructed in the 1980s and early 1990s that have been subsidized through USDA and other funders. For households who are homeless or at risk of eviction, emergency rental assistance is available through community resource centers. Last but not least there are private citizens offering rentals to working islanders and family members.

**9. Why not set up commuter service by boat to bring workers to the islands from the mainland?**

Some contractors and workers do commute from Anacortes by ferry, but the distance travelled each day is not a practical or sustainable solution for a significant number of people. In addition, there would be a substantial erosion of island culture if neighbors were no longer providing goods and services to neighbors. Many of the people who work also volunteer for the EMS, schools and cultural activities. An important part of the quality of island life is having people live, work and volunteer in the community.

**10. Are there other jurisdictions that have successfully implemented housing action plans and if so, how can I learn more?**

Yes, the city of Bellingham, Seattle, and Vancouver, Washington have adopted comprehensive housing plans and the citizens voted for a funding source. The state of Vermont has adopted a Housing and Land Conservation program. There are other programs but these two have some elements that are similar to our situation in San Juan County.

**11. What can I, as a county citizen, do to help?**

Take some time to learn about the issues and the people who are adversely affected by the lack of affordable housing. If you have land or an extra house, consider making it available for year round affordable housing. If and when a local funding measure needs to be voted on, please consider the issue carefully.