



SAN JUAN COUNTY
DEPARTMENT OF COMMUNITY DEVELOPMENT

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MEMO

TO: Interested Parties and Subject Matter Experts
CC: Erika Shook, AICP, Director, DCD
Mike Thomas, County Manager
FROM: Linda Kuller, AICP, Deputy Director, DCD
Ryan Page, Health and Community Services
SUBJECT: 2036 Comprehensive Plan Update: Housing Element
Briefing: Preliminary draft Housing Needs Assessment for review
DATE: August 9, 2017
ATTACHMENTS: Preliminary draft of the Housing Needs Assessment dated August 8, 2017

Attached is the preliminary draft of the Housing Needs Assessment for public review and comment. This is the first step in amending Element 5 Housing and Appendix 5 Housing Needs Assessment of the Comprehensive Plan.

Review Requested: We are requesting a preliminary review of the draft to identify suggestions for revisions or additions, corrections, and overall thoughts about the presentation. Once the preliminary comments have been incorporated, we will brief the County Council and Planning Commission in September and take additional comments.

Preliminary Comment Deadline: August 25th close of day.

How to Comment: Please review this draft and provide feedback on its refinement by:

1. Marking up a copy of the section needing revisions or additions, or
2. Sending specific written comments. For example:
 - Page X, Line x should read XXXXXXXXX, or
 - Please add X to page X, Line X – after the second sentence

WHERE TO SEND COMMENTS: Send them to Ryan Page via email (Ryanp@sanjuanco.com), drop them off at DCD at 935 Rone Street or mail them to:

SJC Dept. of Community Development
Ryan Page: Housing Needs Assessment comments
PO Box 947
Friday Harbor, WA 98250

BACKGROUND: The Washington State Growth Management Act (GMA) requires state and local governments to manage Washington's growth by identifying and protecting critical areas and natural resource lands, designating urban growth areas, preparing comprehensive plans and implementing them through capital investments and development regulations. The attached Commerce checklist provides an overview of tasks necessary to update the Housing Element of the Comprehensive Plan.



Expanded Comprehensive Plan Checklist

A Technical Assistance Tool From Growth Management Services – update: July 2014

<p>Instructions:</p> <p>This checklist is intended to help jurisdictions update their comprehensive plan, as required by RCW 36.70A.130(4 & 5). We encourage but do not require jurisdictions to complete the checklist and return it to Growth Management Services (GMS). This checklist is for local governments fully planning under the Growth Management Act (GMA), not for those planning for resource lands and critical areas only. For general information on update requirements, refer to <i>Keeping your Comprehensive Plan and Development Regulations Current: A Guide to the Periodic Update Process under the Growth Management Act</i> and WAC 365-196-610.</p> <p>Bold items are a GMA requirement. Other items may be requirements of other state or federal laws, best practices, or ideas to consider. Highlighted items are links to Internet sites. Dates are included for recent additions or amendments to the GMA. If you have questions, call GMS at (360) 725-3066.</p>	<p>Checklist Topics:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>Land Use</td><td style="text-align: right;">1</td></tr> <tr><td>Housing</td><td style="text-align: right;">6</td></tr> <tr><td>Capital Facilities</td><td style="text-align: right;">7</td></tr> <tr><td>Utilities</td><td style="text-align: right;">10</td></tr> <tr><td>Rural</td><td style="text-align: right;">10</td></tr> <tr><td>Transportation</td><td style="text-align: right;">11</td></tr> <tr><td>Economic Development</td><td style="text-align: right;">14</td></tr> <tr><td>Park and Recreation</td><td style="text-align: right;">15</td></tr> <tr><td>Shoreline</td><td style="text-align: right;">16</td></tr> <tr><td>Essential Public Facilities</td><td style="text-align: right;">16</td></tr> <tr><td>Optional Elements</td><td style="text-align: right;">17</td></tr> <tr><td>Consistency</td><td style="text-align: right;">17</td></tr> <tr><td>Public Participation</td><td style="text-align: right;">17</td></tr> </table>	Land Use	1	Housing	6	Capital Facilities	7	Utilities	10	Rural	10	Transportation	11	Economic Development	14	Park and Recreation	15	Shoreline	16	Essential Public Facilities	16	Optional Elements	17	Consistency	17	Public Participation	17
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<p>2. The Housing Element is intended to ensure the vitality and character of established residential neighborhoods, encourage the availability of affordable housing to all economic segments of the population, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock. It should be consistent with relevant CWPPs, RCW 36.70A.070(2), and should consider WAC 365-196-410.</p>		
<p>a. Include an inventory of existing housing units and an analysis the number (and type) of housing units necessary to provide for projected growth over the planning period. RCW 36.70A.070(2)(a) and WAC 365-196-410(2)(b) and (c) and Commerce’s <i>Assessing Your Housing Needs (1993, Updated by March 2013)</i></p>	<p><input type="checkbox"/> Inventory of existing housing and projected housing needs using latest population projection</p>	
<p>b. Include goals, policies, and objectives for the preservation, improvement, and development of housing. RCW 36.70A.070(2)(b) and WAC 365-196-410(2)(a).</p>	<p><input type="checkbox"/> Goals, policies for housing</p>	
<p>c. Identify sufficient land for housing, including but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, group homes, and foster care facilities. RCW 36.70A.070(2)(c)</p>	<p><input type="checkbox"/> Identify sufficient land for housing</p>	
<p>d. Provisions for existing and projected housing needs of all economic segments of the community. RCW 36.70A.070(2)(d)</p> <p>Affordable housing is defined as when the total housing costs, including basic utilities, does not exceed 30 percent of the income limit (for renters, 50 percent or less of the county median family income, adjusted for family-size, and for owners, 80 percent or less of the county median family income, adjusted for family size for owners). WAC 365-196-410(e)(i)(C) (I-V)</p> <p>WAC 365-196-410(2)(e)(iii) recommends an evaluation of the extent to which the existing and projected market can provide housing at various costs and for various income levels, and an estimation of the present and future populations that would require assistance to obtain housing they can afford. This section should also identify existing programs and policies to promote adequate affordable housing and evaluate their effectiveness.</p> <p>If enacting or expanding affordable housing programs under RCW 36.70A.540, the plan should identify certain land use designations where increased residential development will assist in achieving local growth management and housing policies. Examples include: density bonuses within urban growth areas, height and bulk bonuses, fee waivers or exemptions, parking reductions, expedited permitting conditioned on provision of low-income housing units, or mixed use projects.</p>	<p><input type="checkbox"/> Affordable housing planned</p>	

COMPREHENSIVE PLAN

Appendix 5

HOUSING NEEDS ASSESSMENT

August 9, 2017 Preliminary DRAFT

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APPENDIX 5

HOUSING NEEDS ASSESSMENT

TABLE OF CONTENTS

5.1	Executive Summary	4
5.2	Introduction	5
5.3	Demographics	7
5.3.1	Population Trends and Projections	7
5.3.2	Income and Economic Structure	10
5.3.3	Employment	14
5.4	Housing Inventory	15
5.4.1	Vacant Units	16
5.4.2	Median Values.....	18
5.4.3	Age of Housing Stock.....	18
5.4.4	Owner-Occupied Inventory by Housing Value	19
5.4.5	Rental Housing.....	19
5.4.6	Vacation Rentals	20
5.5	Affordable Housing	22
5.5.1	HUD Income Limit Guidelines.....	23
5.5.2	Distribution of Households by Area Median Income	24
5.5.3	Housing Affordability Index.....	24
5.5.4	Housing Costs	26
5.5.5	Homelessness	28
5.5.6	San Juan County Affordable Housing Programs.....	29
5.5.7	Housing Groups and Nonprofits.....	29
5.5.8	Affordable Apartments.....	30
5.6	Land Availability	30
5.6.1	Housing Targets and Capacity	30

List of Tables

Table 5-1.	San Juan County Population and Housing Units 2036 Projection	8
Table 5-2.	OFM Population Projection by 4 Year Age Cohort	9
Table 5-3.	Income and Benefits.....	11
Table 5-4.	San Juan County Population Employment Status	14
Table 5-5.	San Juan County Population Occupation and Industry	15
Table 5-6.	San Juan County Housing Inventory.....	16
Table 5-7.	Housing Inventory by Island, 2010.....	18
Table 5-8.	HUD Area Median Income Limit Guidelines, 2017.....	23

1	Table 5-9. Households by Income Distribution, 2010-2014.....	24
2	Table 5-10. Median Resale Price and Housing Affordability Index (HAI), 1st Quarter 2017	25
3	Table 5-11. Monthly Housing Costs of Occupied Housing Units as a Percentage of Household Income.....	27
4	Table 5-12. San Juan County Point in Time Homeless Count, 2014-2017	28
5	Table 5-13. San Juan County Low-Income Housing Inventory, 2017.....	31
6	Table 5-14. Other Affordable Options – No Income Restrictions	32

7

8

List of Figures

9	Figure 5-1. San Juan County Population by Age Percentage Over Time.....	10
10	Figure 5-2. Washington State Real Per Capita Personal Income by County, 2015	11
11	Figure 5-3. Major Components of Total Personal Income, San Juan County, 2015 (Thousands of Dollars)..	12
12	Figure 5-4. Major Components as a Percent of Total Personal Income: San Juan County, 1969 – 2015.....	13
13	Figure 5-5. Comparison of Average Levy Rates by Year Due in 2009-2016	13
14	Figure 5-6. New Residents to New Houses	17
15	Figure 5-7. Age of Housing Stock, 2011-2015	18
16	Figure 5-8. Owner-Occupied Housing Stock by Value (Thousands of Dollars), 2011-2015	19
17	Figure 5-9. Renter Occupied Units as a Percentage of Total Housing Units	20
18	Figure 5-10. Rental Housing Units by Gross Rent, 2011-2015	20
19	Figure 5-11. Total No. of Vacation Rental Permits.....	21
20	Figure 5-12. Housing Units by Occupancy Type, 2015.....	21
21	Figure 5-13. Vacation Rental Permits as compared to Dwelling Unit Permits	22
22	Figure 5-14. Housing Units by Occupancy Type.....	22
23	Figure 5-15. Percentage of Renter Households by HAMFI, 2010-2014	24
24	Figure 5-16. Housing Affordability Index, 2008-2017	26
25	Figure 5-17. Occupied Housing Units paying greater than 30 percent of Household Income to Monthly	
26	Housing Costs.....	27

27

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5.1 San Juan County Housing Needs Assessment Executive Summary

Estimating the future housing needs of San Juan County is difficult considering the current lack of affordable units in the County combined with the significant percentage of housing stock made up of occasional or recreational use second homes. Based solely on population projection, it is estimated that an additional 1,524 housing units will be needed to accommodate future population growth, 809 of which are projected to be constructed in Urban Growth Areas.

Of all housing units created in the County from 2000-2010, 68 percent were categorized as being used for vacant seasonal, recreational or occasional use in 2010. Any projection of future housing needs must acknowledge that nearly 70 percent of all new housing created in the County will not be used for owner or renter occupied housing. If we assume this percentage of total housing units becoming vacant will remain constant, that will create an additional need of 721 housing units for a total of 2,245 new housing units to meet the 2036 population.

Land prices fluctuate over time; however, it is clear that the price of land in San Juan County is likely to remain beyond the reach of many economic sectors for the foreseeable future. This fact, in the absence of an effort to combat its negative impacts, is likely to have significant consequences on the demographic profile of the community and the County's social fabric by hastening the growth of the already disproportionate portion of the population that are elderly and decreasing the proportion of youth and young parents.

We cannot presume that the proportions of the different income groups will remain constant over the planning horizon. If housing affordable to the very low, low, moderate and middle income sectors is not available then many in those sectors simply will not relocate to the County, while families currently living in the County in those income groups may be forced to move elsewhere.

The absence of affordable housing will ensure a corresponding lack of those income sectors by 2036. If housing that is affordable to all the different income groups is not developed over the planning horizon, then it is reasonable to assume that both total numbers and relative percentages of very low income to middle income earners will decline dramatically relative to the upper income groups. Creating sufficient affordable housing for the future island population will require creative solutions outside of traditional development models.

Research compiled for this Assessment revealed the following characteristics:

- The population of San Juan County is steadily increasing and aging. San Juan County predicts the population to increase by 3,109 people or 19 percent by the year 2036 based on the maintenance of the County's proportionate share of Washington State's population. The Office of Financial Management predicts that nearly 43% of the County's population will be 60 or older by the year 2035.

- 1
- 2 • The combination of low wage employment in the seasonal service, construction and
- 3 recreation sectors, lack of affordable housing and high cost of living weighs against
- 4 the in-migration of younger people with limited personal capital and favors affluent
- 5 older people with greater personal capital.
- 6
- 7 • The population of households making \$100,000 a year or more are increasing in the
- 8 County while those making between \$50,000 and \$99,999 are on the decline.
- 9 Property income as a percentage of total personal income in San Juan County is
- 10 overrepresented in comparison to the rest of Washington State and the country, and
- 11 the labor force of the County is shrinking.
- 12
- 13 • The vast majority (84 percent) of housing in the County is comprised of 1-unit
- 14 detached structures, 36 percent of which is 35 years or older. The median home
- 15 price in San Juan County has risen every year since 2012
- 16
- 17 • Despite there being 1 housing unit for every 1.2 residents, there is still a shortage of
- 18 available housing due to 43.4 percent of housing units being vacant units, compared
- 19 to 9.3 percent of housing units in Washington State which are considered vacant.
- 20
- 21 • According to the Washington Center for Real Estate Research Housing
- 22 Affordability Index, housing in San Juan County is the least affordable in the State.
- 23 Housing affordability has steadily declined in the County since 2012.
- 24
- 25 • Median income earners in the County cannot afford to buy a house in the County.
- 26 Only 16 percent of the County housing inventory is renter occupied.
- 27
- 28 • Of the households in San Juan County, 40 percent have income that is considered
- 29 either low, very low or extremely low according to HUD's guidelines.
- 30
- 31 • According to the *2015 Washington State House Needs Assessment* created by the
- 32 Washington Affordable Housing Advisory Board, there are 3,100 cost-burdened
- 33 households in San Juan County. From 2010 to 2015, the percentage of cost-burdened
- 34 households in nearly every income bracket has increased.
- 35

36 **5.2 Introduction**

37
 38 RCW 36.70A.070 (2) details the mandatory requirements of the Comprehensive Plan
 39 Housing Element. This statute states that, in order to be compliant, the Housing Element:

- 40
- 41 (a) Includes an inventory and analysis of existing and projected housing
- 42 needs that identifies the number of housing units necessary to manage
- 43 projected growth; (b) includes a statement of goals, policies, objectives, and
- 44 mandatory provisions for the preservation, improvement, and development
- 45 of housing, including single-family residences; (c) identifies sufficient land

1 for housing, including, but not limited to, government assisted housing,
2 housing for low-income families, manufactured housing, multifamily
3 housing and group homes and foster care facilities; and (d) makes adequate
4 provisions for existing and projected needs of all economic segments of the
5 community.
6

7 In addition to the requirements of the GMA above, the implementing regulations at WAC
8 365-195-310 specify requirements for a compliant comprehensive plan element, as follows:
9

- 10 1. Requirements. This element shall contain at least the following features:
 - 11 a. An inventory and analysis of existing and projected housing needs.
 - 12 b. A statement of the goals, policies, and objectives for the preservation,
13 improvement, and development of housing.
 - 14 c. Identification of sufficient land for housing, including, but not limited to,
15 government assisted housing, housing for low income families, manufactured
16 housing, multifamily housing, and group homes and care facilities.
17
18
19
20

21 The purpose of the Housing Needs Assessment is to evaluate the current stock of housing
22 in the County in conjunction with County demographics and projections to ensure the
23 County is able to meet future housing needs, and maintain the vitality and character of
24 established residential neighborhoods while encouraging the availability of affordable
25 housing to all economic segments of the population. Housing costs are generally the single
26 largest household expenditure for Washington residents. The unique geography and
27 economy of San Juan County make solving housing problems more complicated than
28 other areas of our State. San Juan County lacks the infrastructure of urban areas and has
29 the additional difficulty of the Salish Sea dividing the County into smaller units, which can
30 prevent economies of scale. The questions the Housing Needs Assessment attempts to
31 engage with are:
32

- 33 1. Is the current housing stock appropriate and affordable for current residents?
34
- 35 2. Is housing accessible for future residents housing needs?
36

37 The primary data sources for the Housing Needs Assessment are the U.S. Census Bureau,
38 including both the decennial census and the U.S. Census Bureau's American Community
39 Survey (ACS), the Washington Regional Economic Analysis Project (WA-REAP), The
40 Office of Financial Management (OFM), HUD, the Runstad Center for Real Estate Studies,
41 and the 2015 Washington State Housing Needs Assessment. The ACS is a nationwide
42 confidential survey conducted annually by the Census Bureau starting in 2005. Beginning
43 in 2010, the ACS began to produce 5-year estimates for geographic areas with populations
44 under 20,000. ACS data is not directly comparable to the Decennial Census as the ACS is
45 an aggregate of data over a 5-year period.
46

5.3 Demographics

5.3.1 Population Trends and Projections

The population of the County in 2016 was approximately 16,314 people and is estimated to reach 19,423 by 2036, an increase of about 19 percent or 3,109 people, or 1,524 households, based on 2.04 persons per household.¹

Population change is primarily driven by two factors:

1. Natural increase (births minus deaths); and
2. Net migration (in-migration minus out-migration).

The difference between births and deaths is considered the natural component of population change. The difference between in-migration and out-migration is considered the migration component of population change.

Both the natural and migration components of population change are tied to the community's demographic profile. Internal factors or population characteristics, such as the gender and age distribution of the community directly impact the rates of natural increase. External or social factors such as employment, housing, community facilities and education opportunities contribute to migration rates.

Table 5-1 shows the breakdown of the projected population increase by island. This projection is based on the maintenance of the County's proportionate share of the State's population. For the past thirty-six years the County has retained a consistent share of the State population while the average annual increase rates are volatile and inconsistent from decade to decade. San Juan County has averaged a 0.23 percent proportionate share of the Washington State Population since 1970.

Migration, rather than natural components of population change, is the source of County population growth. The unpredictability of migration fosters variable average annual growth rates. Despite significant swings in migratory patterns, the County's population, as a share of the State's population has remained consistent since the 1980s. Additionally, each island's share of the County's population has been stable since the 1990 census. With an average household size of 2.04, a population increase of 3,109 people will require the development of approximately 1,524 housing units Countywide. The projected Housing Units needed in the Orcas and Lopez Urban Growth Areas (UGA) is based on the premise that 50 percent of future development will occur within the respective UGA's.

The Office of Financial Management (OFM) identifies the 5 year cohorts used in the medium projection in Table 5-2. This data shows that 58 percent of the County population is over the age fifty. Conversely, OFM data shows that approximately 34 percent of the State's population is over the age of fifty.

¹ See <http://www.sanjuanco.com/DocumentCenter/View/11843>

Table 5-2 also shows the County has a diminished presence of people between the ages of twenty and forty. In Washington, twenty to forty year olds make up approximately 28 percent of the population. In San Juan County, they make up 16 percent (OFM: Forecast of State population by age and sex; November 2016).

Table 5-1. San Juan County Population and Housing Units 2036 Projection

Island	2016 Population	% Population By Island (2016)	2036 Population By Island	% Population By Island (2036)	Pop Growth by Island	Total # New Housing Units**	Housing Units UGA
San Juan Island (unincorp.)*	5,560	34.1%	6,146	18.8%	586	287	-
Friday Harbor	2,250	13.8%	3,152	29.0%	902	442	442
San Juan Island Subtotal	7,810	47.9%	9,298	47.9%	1,488	729	442
Orcas	5,395	33.1%	6,423	33.1%	1,028	504	252
Lopez	2,466	15.1%	2,936	15.1%	470	230	115
Shaw	241	1.5%	287	1.5%	46	23	0
Total Ferry Served Islands	15,912	97.5%	18,944	97.5%	3,032	1,486	809
Total Non-Ferry Served	402	2.5%	479	2.5%	77	38	0
Total	16,314	100.0%	19,423	100.0%	3,109	1,524	809

Source: U.S. Census, OFM annual estimate. 1.7 percent annual population growth rate attributed to the Town of Friday Harbor from personal correspondence with the Town of Friday Harbor's Land Use Administrator, Mike Bertrand, on March 9, 2017.

Demographic data compiled from federal data sources including the Bureau of Economic Analysis, Bureau of the Census, American Community Survey office, U.S. Department of Commerce, Bureau of Labor Statistics and U.S. Department of Labor by the Economic Profile System reveal the following attributes of the County's population:

- The median age of the County's population changed from forty-seven in 2000 to fifty-four in 2015. Half of the County's population is now over fifty-four years old, and 63 percent is over the age of forty-five. The median age of the State is thirty-seven.
- The County's population is highly educated. Approximately 46.6 percent of the population have attained a bachelor's degree or higher. By contrast, approximately 32.9 percent of the State's population have achieved the same level of education.²
- Data from the Office of the Superintendent for Public Instruction (OSPI), corrected to eliminate distortion by Orcas Island School District's Oasis program, shows that enrollments in the school districts on San Juan, Orcas and Lopez Islands has declined at an annual average rate of -1.6, -2.6, and -0.45 respectively between 2005 and 2016. This is consistent with populations whose median age is increasing and negative natural increase.

² Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

1 Figure 5-1 presents the projected arc of the age of the County's population over time
 2 according to the OFM intermediate projections. The OFM projects the 60+ population
 3 demographic to plateau around 2025 and then slowly to begin to recede.

4
 5 **Table 5-2. OFM Population Projection by 4 Year Age Cohort**

	2016	2025	2030	2035
Age	Total 16,320	Total 16,606	Total 16,939	Total 17,216
0-4	459	600	632	642
5-9	580	619	676	710
10-14	710	601	686	758
15-19	697	623	602	693
20-24	627	614	587	577
25-29	552	767	717	664
30-34	653	926	944	880
35-39	743	761	1,048	1,078
40-44	812	746	846	1,150
45-49	961	763	794	896
50-54	1,170	856	820	857
55-59	1,497	999	958	929
60-64	1,781	1,412	1,109	1,071
65-69	1,848	1,665	1,428	1,121
70-74	1,349	1,686	1,561	1,370
75-79	842	1,438	1,478	1,403
80-84	517	875	1,149	1,198
85+	522	655	904	1,219

6 Source: WA OFM GMA 2012 Intermediate Projections

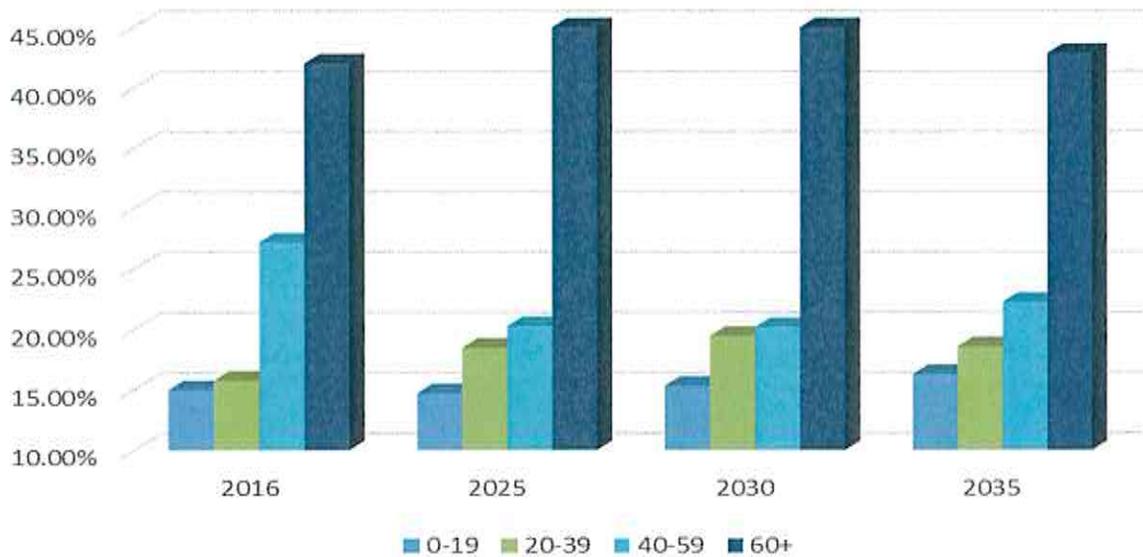
7
 8 The migration component of population change is more volatile than the natural
 9 component. Major economic, social or national changes can generate spurts and
 10 slowdowns in migration that are difficult to predict. Uncertainty about the pace and
 11 nature of economic recovery, property costs, and the availability of medical services may
 12 affect County migration trends in the future.

13
 14 The combination of low wage employment in the seasonal service, construction and
 15 recreation sectors, lack of affordable housing and high cost of living weighs against the in-
 16 migration of younger people with limited personal capital and favors affluent older people
 17 with greater personal capital. This is reflected in the age of the County's population.

18
 19 Based solely on population projection, it is estimated that an additional 1,524 housing
 20 units will be needed to accommodate future population growth, 809 of which are
 21 projected to be constructed in Urban Growth Areas. However, this does not take into
 22 account the rate at which housing units in the County are being built or converted to units
 23 considered vacant. Of all housing units created in the County from 2000-2010, 68 percent
 24 were categorized as being used for vacant seasonal, recreational or occasional use in 2010.
 25 If we assume this percentage of total housing units becoming vacant will remain constant,

1 that will create an additional need of 721 housing units for a total of 2,245 new housing
2 units to meet the 2036 population.
3

4 **Figure 5-1. San Juan County Population by Age Percentage Over Time**



5
6 Source: WA OFM GMA 2012 Intermediate Projections

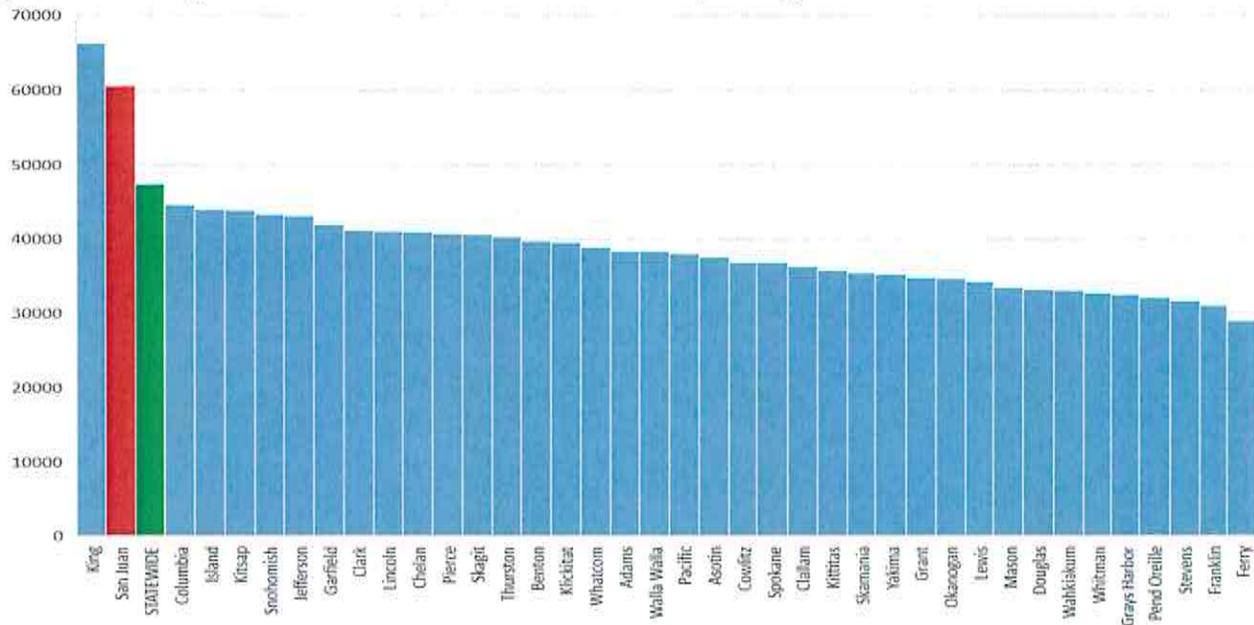
7 8 **5.3.2 Income and Economic Structure**

9
10 Figure 5-2. shows the Real Per Capita Personal Income for San Juan County in comparison
11 to counties around the State. San Juan County's real per capita personal income in 2015
12 was \$60,489, the second highest in Washington State after King County. The statewide
13 average for 2015 was \$47,381.

14
15 Table 5-3 shows the change in household income and benefits brackets from the 2006-2010
16 ACS period to 2011-2015. Over this time frame, households making less than \$25,000 has
17 remained relatively stable while households making \$25,000 to \$75,000 have declined by
18 1.9 percent. Households making above \$75,000 increased by 2.0 percent.

19
20 The majority of income in San Juan County is earned through property income. Figure 5-3
21 delineates personal income in the County into three types. Earned Income can be viewed
22 as compensation for labor services. Property Income represents payments in the form of
23 dividends, interest and rent for the services of capital owned by persons. In contrast to the
24 other two components of income, Transfer Payments are by definition payments that are
25 not related to the provision of services. Transfer Payments are made up of payments
26 received from things such as Social Security, Disability Payments, medical payments from
27 Medicare and Medicaid, Family Assistance, Food Stamps, Supplemental Security Income,
28 Unemployment Insurance Payments, and Veterans Benefits Payments.
29
30

1 **Figure 5-2. Washington State Real³ Per Capita Personal Income by County, 2015⁴**



Source: Calculations by the Washington Regional Economic Analysis Project (WA-REAP) with data provided by the U.S. Department of Commerce, Bureau of Economic Analysis

Table 5-3. Income and Benefits

	2006-2010 Estimates ⁵	2011-2015 Estimates ⁶
Total households⁷	7,986	7,708
Less than \$10,000	4.4%	5.7%
\$10,000 to \$14,999	5.5%	5.0%
\$15,000 to \$24,999	10.6%	9.7%
\$25,000 to \$34,999	10.4%	10.6%
\$35,000 to \$49,999	13.8%	14.9%
\$50,000 to \$74,999	21.6%	18.4%
\$75,000 to \$99,999	13.8%	12.0%
\$100,000 to \$149,999	11.1%	12.5%
\$150,000 to \$199,999	3.3%	4.9%
\$200,000 or more	5.4%	6.2%
Median household income (dollars)	55,238	55,960
Mean household income (dollars)	77,120	80,794

Source: U.S. Census Bureau, 2006-2015 American Community Survey 5-Year Estimates

³ Real per capita personal income determined using the Chain-Weight Implicit Price Deflator for Personal Consumption (2009=1.00).

⁴ In 2015 Constant Dollars

⁵ In 2010 Inflation Adjusted Dollars.

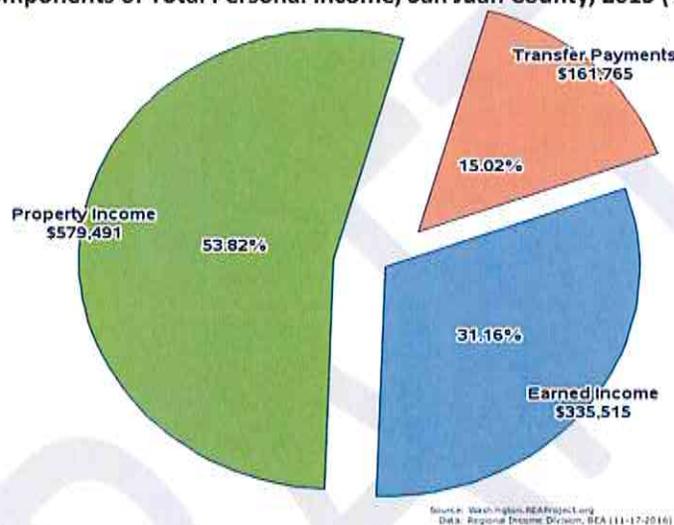
⁶ In 2015 Inflation Adjusted Dollars.

⁷ A family consists of a householder and one or more other people living in the same household who are related to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as members of his or her family. A family household may contain people not related to the householder, but those people are not included as part of the householder's family in tabulations. Thus, the number of family households is equal to the number of families, but family households may include more members than do families. A household can contain only one family for purposes of tabulations. Not all households contain families since a household may be comprised of a group of unrelated people or of one person living alone - these are called nonfamily households. Source: ACS 2013 Subject Definitions.

1 Property Income as a percentage of total personal income in San Juan County is
2 overrepresented in comparison to the rest of Washington State and the country. This is
3 consistent with San Juan County's booming real estate and vacation rental market.

4
5 Property Income made up 53.8 percent of the total personal income in the County in 2015,
6 compared to 20.9 percent for Washington State and 18.8 percent nationally. In
7 combination, Property Income and Transfer Payments amounted to 68.8 percent (53.8
8 percent + 15.0 percent) of San Juan County's personal income in 2015. Earned Income
9 made up the balance (31.2 percent) of personal income, which amounted to a substantially
10 smaller share than the corresponding 63.9 percent for Earned Income nationwide.⁸

11
12 **Figure 5-3. Major Components of Total Personal Income, San Juan County, 2015 (Thousands of Dollars)**



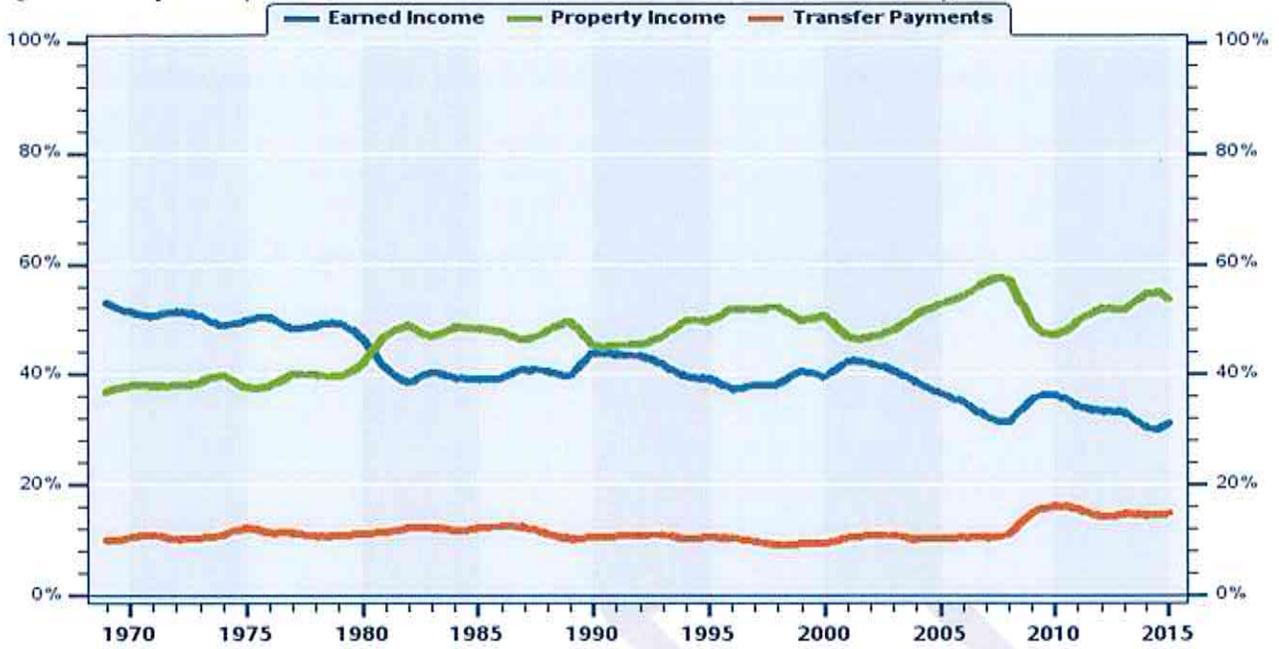
13
14
15 Figure 5-4 traces the changing share and relative importance of each income type over
16 time since 1969. Earned Income as a share of San Juan County's personal income declined
17 from 53.1 percent in 1969 to 31.2 percent in 2015, a shift in relative share declining 22.0
18 percent. Offsetting this decline was a 16.9 percent increase in Property Income's share from
19 36.9 percent in 1969 to 53.8 percent in 2015; and a 5.0 percent advance in Transfer
20 Payments share, from 10.0 percent to 15.0 percent over the same period. Large increases in
21 Property Income and Transfer Payments share are often associated with counties that
22 experienced an influx of relatively affluent retirees.⁹

23
24 Despite having the second highest per capita personal income of any County in the State,
25 and Property Income making up nearly 54 percent of all total income in San Juan County,
26 the County continues to maintain the lowest real estate tax levy rate in the State. As shown
27 in Figure 5-5, the average levy rate in San Juan County is \$6.82 per \$1,000 of assessed
28 value. This is \$4.65 lower than the statewide average, \$7.91 lower than the highest rate in
29 the State (Pierce County) and \$2.08 less than the next lowest County (Wahkiakum).

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32
⁸ Source: Washington.REAproject.org

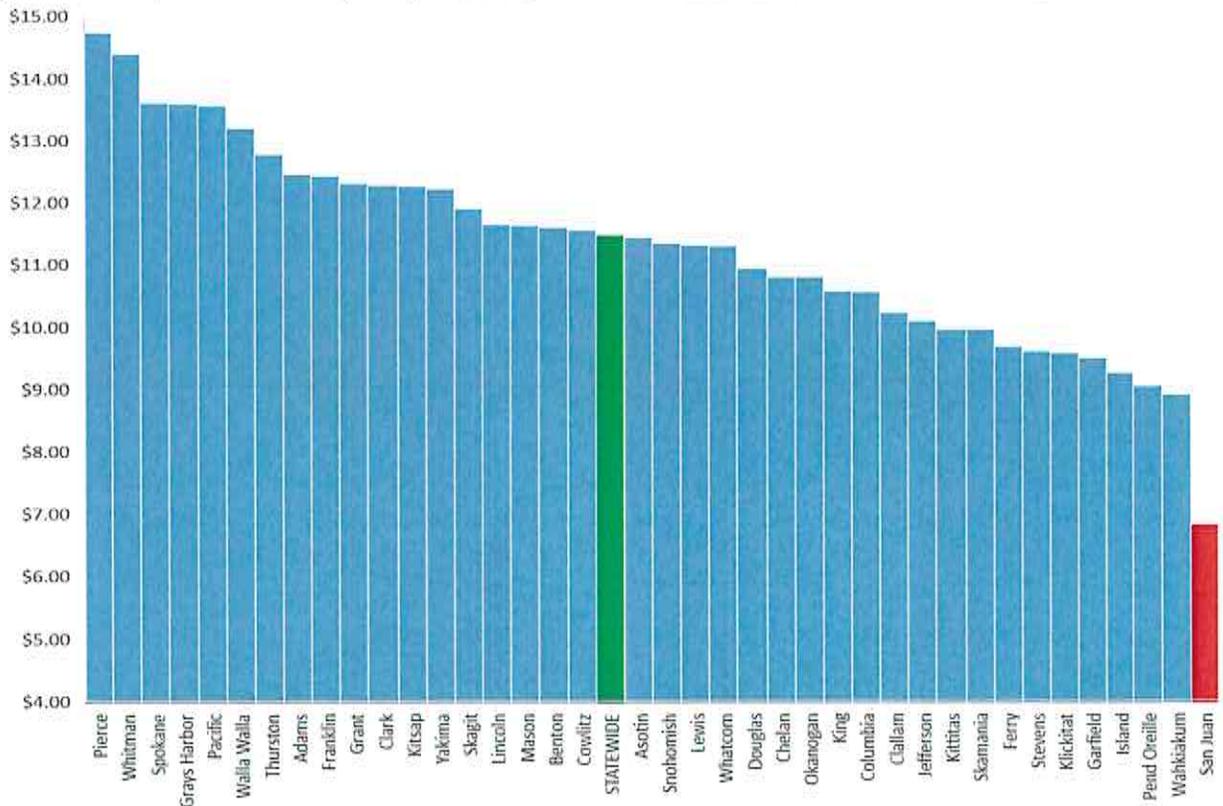
⁹ Source: Washington.REAproject.org

1 Figure 5-4. Major Components as a Percent of Total Personal Income: San Juan County, 1969 - 2015



Source: Washington REA Project.org
Data: Regional Income Division, BEA (11-17-2016)

2
3 Figure 5-5. Comparison of Average Levy Rates¹⁰ by Year Due in 2009-2016



Source: WA Department of Revenue-Property Tax Statistics 2016 Comparison of Average Rates by Year Due

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5
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9
10

¹⁰ Per \$1,000 of assessed value.

1 **5.3.3 Employment**

2
3 While net migration and natural increase drive actual population change, housing and
4 employment opportunities are key variables influencing migration. Traditionally,
5 employment stimulates the demand for housing; however, over the past forty years, San
6 Juan County has followed a different path by becoming an affluent retirement community
7 with low wage employment options.

8
9 For the majority of the 20th century, the County was home to a relatively small and stable
10 population with an economy that centered on fishing, farming and logging. Due to a lack
11 of secondary processing on the islands and increased competition from mainland
12 industries, San Juan County begin to transition away from these core industries in the mid
13 1960's to a tourism based economy. As the County's median age and retirement
14 population has trended upward, employment participation has predictably declined.
15 Table 5-4 presents rates of labor force participation of two five-year periods. Labor force
16 participation has declined by over 3 percent during this period, while the number of
17 unemployed individuals and families with two working parents has increased.

18
19 **Table 5-4. San Juan County Population Employment Status**

EMPLOYMENT STATUS	2006-2010 Estimates	2011-2015 Estimates
Population 16 years and over	13,366	13,988
In labor force	61.2%	58.0%
Civilian labor force	60.7%	58.0%
Employed	58.9%	54.6%
Unemployed	1.9%	3.4%
Armed Forces	0.4%	0.0%
Not in labor force	38.8%	42.0%
Civilian labor force	8,119	8,110
Unemployment Rate	3.1%	5.9%
Own children of the householder under 6 years¹¹	613	587
All parents in family in labor force	61.3%	68.3%
Own children of the householder 6 to 17 years	1,710	1,573
All parents in family in labor force	73.2%	76.4%

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

20
21
22 Table 5-5 breaks down the County workforce by occupation and industry. Over this
23 period, service occupations have surpassed sales and office occupations to become the
24 second most common occupation in the County, behind management, business, science,
25 and arts occupations. The most likely explanation for this is to accommodate increased
26 tourism activity. One type of job that is not represented in this table but anecdotally has
27 become more commonplace in the County is those whose occupations allow working
28 remotely. Increased telecommunication capacity in the County and the ubiquity of remote

¹¹ Own child refers to a never married child under the age of 18 in a family or a subfamily who is a son or daughter, by birth, marriage, or adoption, of a member of the householder's family, but not necessarily of the householder. Source: ACS 2013 Subject Definitions.

1 workstation tools such as Skype for business have made the islands more attractive to high
 2 wage earners who can “telecommute” to jobs that can be far removed from the physical
 3 location of the County.
 4

Table 5-5. San Juan County Population Occupation and Industry

OCCUPATION	2006-2010 Estimates	2011-2015 Estimates
Civilian employed population 16 years and over	7,870	7,633
Management, business, science, and arts occupations	36.5%	37.7%
Service occupations	18.9%	22.0%
Sales and office occupations	21.8%	19.1%
Natural resources, construction, and maintenance occupations	16.5%	13.7%
Production, transportation, and material moving occupations	6.3%	7.5%
INDUSTRY		
Civilian employed population 16 years and over	7,870	7,633
Agriculture, forestry, fishing and hunting, and mining	1.5%	3.6%
Construction	16.7%	11.9%
Manufacturing	2.8%	4.5%
Wholesale trade	1.8%	1.5%
Retail trade	10.2%	9.8%
Transportation and warehousing, and utilities	5.7%	5.0%
Information	2.1%	2.3%
Finance and insurance, and real estate and rental and leasing	8.5%	6.6%
Professional, scientific, and management, and administrative and waste management services	15.0%	11.8%
Educational services, and health care and social assistance	14.7%	17.1%
Arts, entertainment, and recreation, and accommodation and food services	13.2%	15.4%
Other services, except public administration	4.8%	6.0%
Public administration	3.1%	4.3%

5 Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

6 **5.4 Housing Inventory**

7
 8
 9 To properly estimate future housing needs in the County we must first understand the
 10 makeup of the current housing stock. According to the 2015 ACS 5-Year estimate, there
 11 were 13,619 total housing units in San Juan County or 1 housing unit for every 1.2
 12 residents. Standard economic theory would suggest that the abundance of housing units
 13 would put a downward pressure on prices; however, in San Juan County the housing
 14 price trajectory over the last decade has been almost exactly the opposite. A large
 15 population of second homes in the County can mostly explain this. Housing units that are,
 16 for the most part, uninhabited but which remove the acreage from the stock of available
 17 land, appears to put an upward pressure on prices by increasing the scarcity of the land.
 18

19 The numbers in Table 5-6 are derived from both the decennial censuses of 2000 and 2010
 20 as well as the 2015 ACS 5-Year Estimate. We cannot directly compare the two data sources

1 because the ACS is an average over a 5-year period rather than a single point in time; the
 2 two together are useful for insight into current demographic trends. San Juan County
 3 housing unit inventory increased 37 percent from the 2000 Census to the 2010 Census.
 4 Since the 2010 Census, development in the County has slowed, and the ACS 5-year
 5 estimate for 2015 shows a meager increase of 306 Housing Units since the 2010 Census.

6
 7 **5.4.1 Vacant Units**
 8

9 Table 5-6 also illustrates the disproportionate number of vacant housing units in San Juan
 10 County. According to the 2015 ACS 5-year estimates, vacant housing units made up 9.3
 11 percent of all total housing units in Washington State as compared to 43.40 percent of all
 12 units in San Juan County over the same period.

13
 14 **Table 5-6. San Juan County Housing Inventory¹²**

Topic	2000 Census	2010 Census	2015 ACS
Total housing units	9,752	13,313	13,619
Owner-occupied	4,754	5,360	5,507
Renter occupied	1,712	2,253	2,201
Vacant housing units	3,286	5,700	5,911
Percentage of Total			
Owner-occupied	48.75%	40.26%	40.44%
Renter occupied	17.56%	16.92%	16.16%
Vacant housing units	33.70%	42.82%	43.40%
Vacant Housing Unit by Type			
For seasonal, recreational, or occasional use	2,776	4,748	4,808
For sale only	82	187	222
For rent	129	311	214
Rented or sold, not occupied	63	57	111
For migrant workers	0	5	0
Other vacant	236	392	556

15 Source: U.S. Census Bureau, 2000 Census, 2010 Census, 2011-2015 American Community Survey 5-Year Estimates

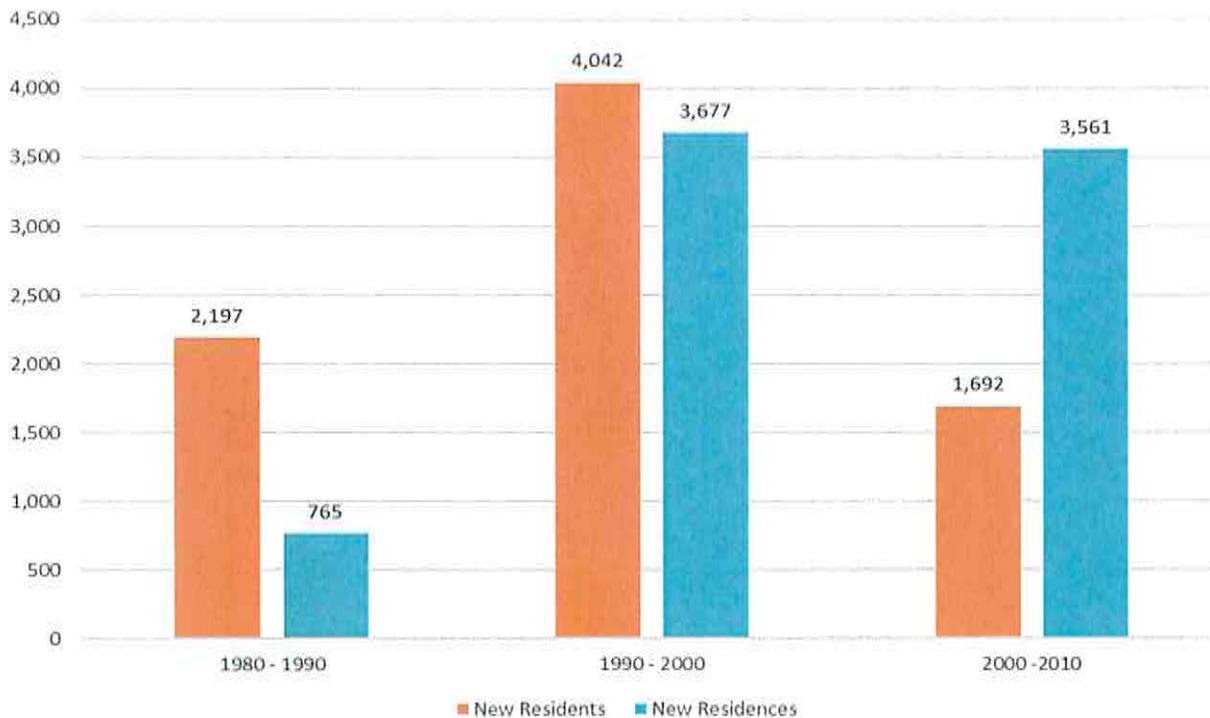
16
 17 The majority of vacant units in the County consist of units described as “For seasonal,
 18 recreational or occasional use.” Despite the gains made in overall housing units from 2000-
 19 2010, only 17 percent of new units were being used as owner-occupied housing and 15
 20 percent for renter occupied housing in 2010. Over that same period, 2,414 units were
 21 added to the stock of seasonal, recreational or occasional use units, or 68 percent of the
 22 total of all new units. Renter occupied housing has remained relatively stagnant as a
 23 proportion of total units during this period, but still showing a modest decline. These
 24 trends show an area with an increasing number of housing units being bought or built by
 25 non-County or part-time residents as second homes for vacationing or investment
 26 properties. This means that any forecast of future housing needs in the County must

¹² The Data in this table for 2015 was calculated by the ACS using annual surveys conducted during 2011-2015 and are representative of average characteristics during this period. Data from the ACS cannot be directly compared to Census data.

1 anticipate over 50 percent of new units will not be built for owner-occupied units meant
2 for full time County residents.

3
4 Figure 5-6 compares the number of new residents in the County to the number of new
5 housing units built since 1980. In the 1980s, there was 1 new housing unit built in the
6 County for every 2.88 new residents. During the 1990s that figure dropped to 1.1.
7 However, from 2000-2010 the ratio of new housing units created to the number of new
8 island residents was over 2 to 1. This has left the County in a situation where despite
9 having 13,619 housing units in 2016 for a population 16,314, there is still a severe lack of
10 affordable and accessible housing in San Juan County.

11
12 **Figure 5-6. New Residents to New Houses**



13
14 Source: SJC DCD Housing Units Data Assembled 2017. Data on Population Figures and Housing Units pulled from US Census.

15
16 Each island in the County is not effected equally by the high percentage of vacant units.
17 Table 5-7 shows that despite having only 24.4 percent of the total housing unit stock in the
18 County, Lopez Island also maintains a nearly equal share of the number of vacant units.
19 Lopez has the highest number of housing units per resident (1.32 housing units for every
20 resident) yet maintains the lowest percentage of rental units of any island in the County.
21 The percentage of housing units on San Juan, Orcas and in Friday Harbor are mostly in
22 line with their share of the total population. The equal share of vacant units per island
23 would suggest that those looking to purchase second or part-time seasonal homes are not
24 constrained by typical economic or geographic factors motivating population movement
25 through the rest of the County.

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1 **Table 5-7. Housing Inventory by Island, 2010**

Island / Area	Total Units	% of Total	Vacant Units	% of Total	Rental Units	% of Total
San Juan County	13,313		5,700		2,253	
Lopez Island	3,249	24.40%	1,861	32.65%	345	15.31%
Orcas Island	4,515	33.91%	1,854	32.53%	826	36.66%
San Juan Island	5,549	41.68%	1,985	34.82%	1,082	48.02%
Friday Harbor	1,273	9.56%	258	4.53%	513	22.77%
Unincorporated San Juan Island	4,276	32.12%	1,727	30.30%	569	25.26%

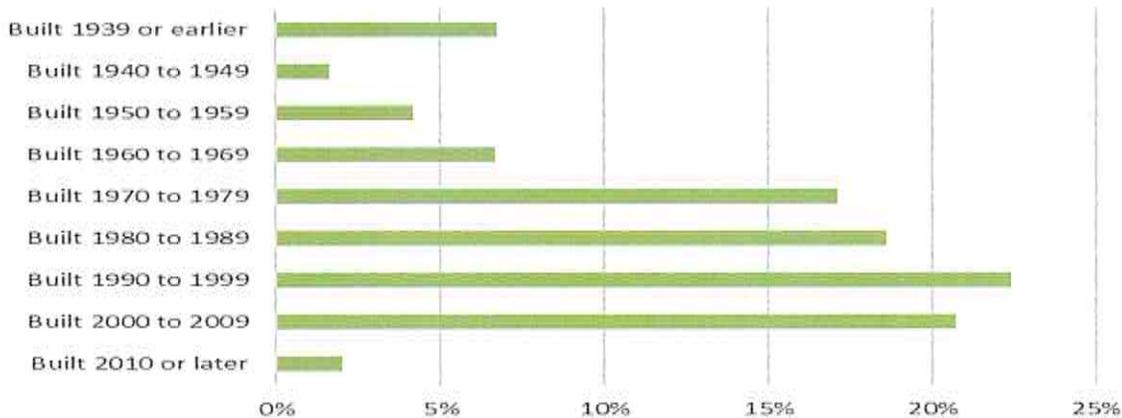
2 Source: U.S. Census Bureau, 2010 Census.

3
4 **5.4.2 Median Values**

5
6 According to the ACS 2015 5-year estimate, the median home value for San Juan County is
7 \$465,500, and according to the Washington Center for Real Estate Research (WCRER) the
8 median resale price of homes in San Juan County in the first quarter of 2017 was \$453,100.
9 The median resale price is nearly 30 percent higher than the rest of Washington State. The
10 median home price in San Juan County has risen every year since 2012, increasing by 8
11 percent in 2014, 6 percent in 2015 and 6 percent again in 2016.¹³ One contributing factor to
12 high home values and difficulties in creating affordable housing (see section 5.4) is the
13 high cost of construction on the islands. The cost of transporting certain building materials
14 from the mainland and a small labor pool of skilled local labor mean considerably higher
15 construction costs than other areas of the State.

16
17 **5.4.3 Age of Housing Stock**

18
19 **Figure 5-7. Age of Housing Stock, 2011-2015**



20 Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

21
22
23 Figure 5-7 shows the breakdown of the County's housing stock by age. In 2015, 36 percent
24 of all housing stock in San Juan County was 35 years or older and 84 percent of structures
25 in the County were 1-unit detached structures, as opposed to 63 percent statewide. There

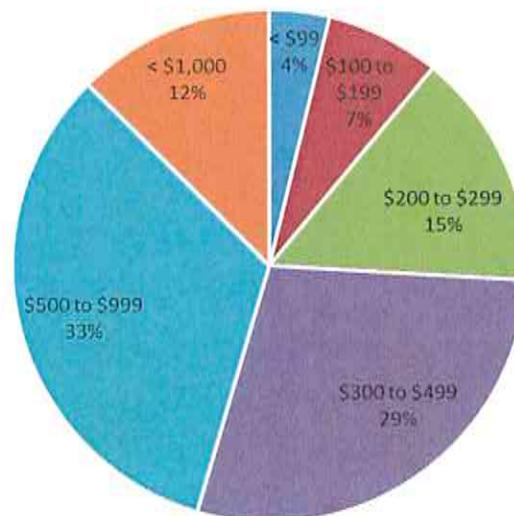
¹³ Source: Washington Center for Real Estate Research, Housing Market Snapshot State of Washington and Counties First Quarter 2017

1 is a lack of multi-family housing units in the County. Only 3.4 percent of the structures in
2 the County consist of five or more units, compared to 19.5 percent statewide.¹⁴
3

4 **5.4.4 Owner-Occupied Inventory by Housing Value** 5

6 Figure 5-8 lays out the owner-occupied housing stock in the County by value. According
7 to the 2011-2015 ACS, homes in the County valued at over \$300,000 make up 74 percent of
8 owner-occupied units. There is a severe shortage of units available between \$100,000-
9 \$300,000. Half of all owner-occupied houses in Washington State fall into this range, but
10 only 22 percent of the owner-occupied houses in San Juan County are valued in this range.
11 This graph also does not take into account the value of houses considered vacant, which
12 represents 43 percent of the County housing stock, meaning that the percentage of houses
13 in the County valued at less than \$300,000 is likely even lower. Of owner-occupied
14 dwellings on the islands, 43 percent do not have a mortgage. This is 13 percent higher than
15 the State average.
16

17 **Figure 5-8. Owner-Occupied Housing Stock by Value (Thousands of Dollars), 2011-2015**



18 Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates
19
20

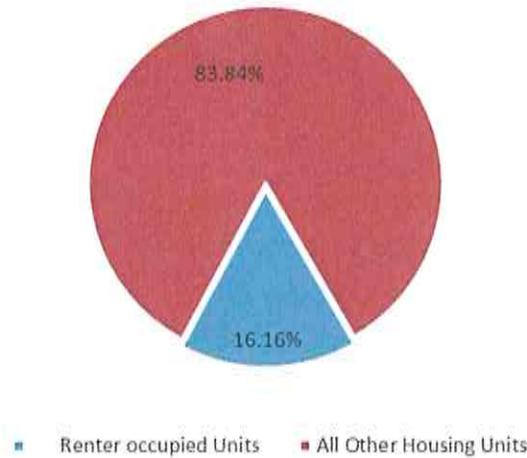
21 **5.4.5 Rental Housing** 22

23 As shown in table 5-6, renter occupied housing units make up only roughly 16 percent of
24 all housing units. Figure 5-10 illustrates the County's inventory of rental housing units by
25 gross rent. As seen in Table 5-6, rental housing units make up roughly 16 percent of the
26 total County housing units. Of the rental stock in San Juan County, 25 percent have a gross
27 rent of \$1,250 or more a month. San Juan County has a large population of rental units
28 with no cash rent, 13 percent of all rental housing units in the County (4 percent is the
29 statewide average). It is hard to speculate on the details of rental units without cash rent,
30 but these units likely consist primarily of Accessory Dwelling Units on properties where

¹⁴ Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

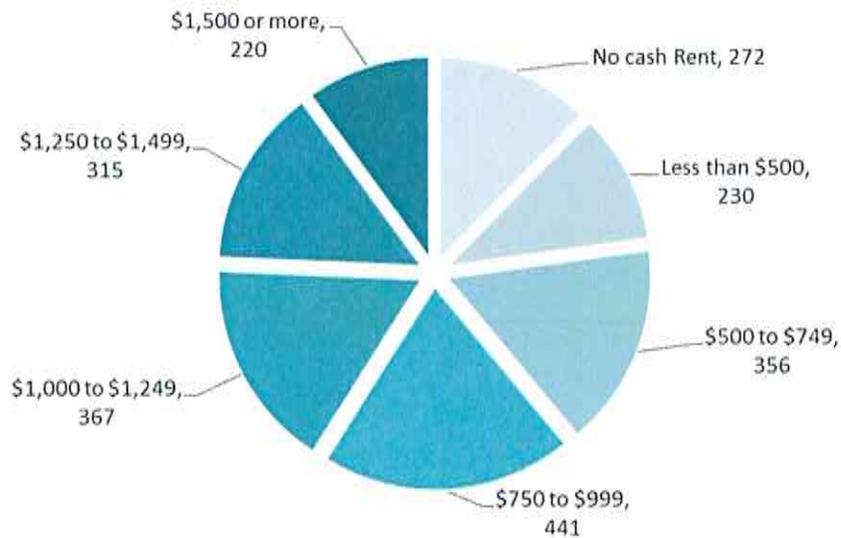
1 the tenants labor in lieu of rent. Similarly, many units that have less than \$500 rent are apt
2 to be a similarly subsidized arrangement.
3
4
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Figure 5-9. Renter Occupied Units as a Percentage of Total Housing Units



6
7 Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 5-10. Rental Housing Units by Gross Rent, 2011-2015



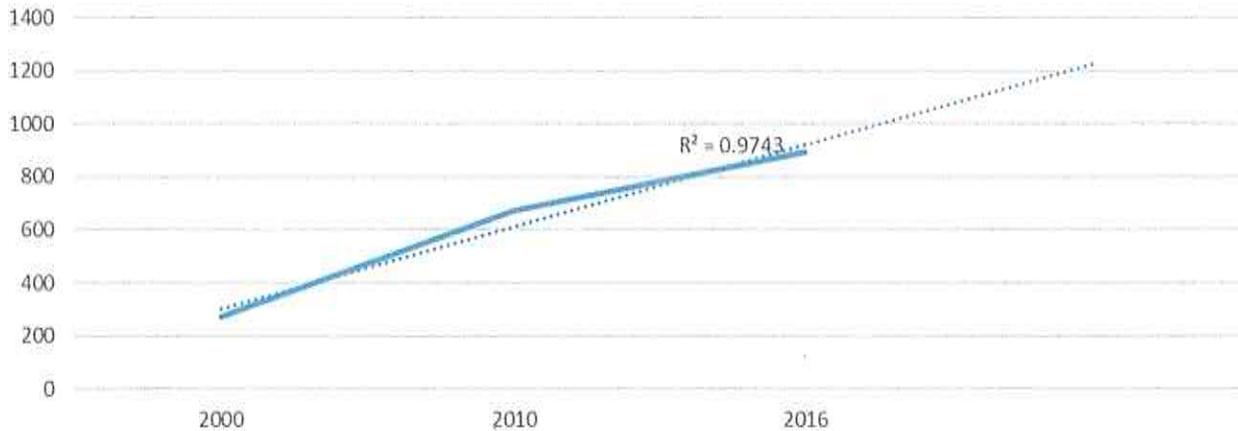
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9 Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

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13 **5.4.6 Vacation Rentals**

14
15 The rise of online vacation rental (VR) services like Airbnb and VBRO has created new
16 pressures on vacation destination community housing supplies, often in unexpected ways.
17 Figure 5-11 shows that the number of vacation rentals has been steadily increasing in the
18 County since the year 2000, long before the increased popularity of online VR booking
19 websites. Despite the continued growth of VRs in the County, VR permitted dwellings
20 only made up 7 percent of the total housing stock in 2015 (see Figure 5-12) and 15 percent

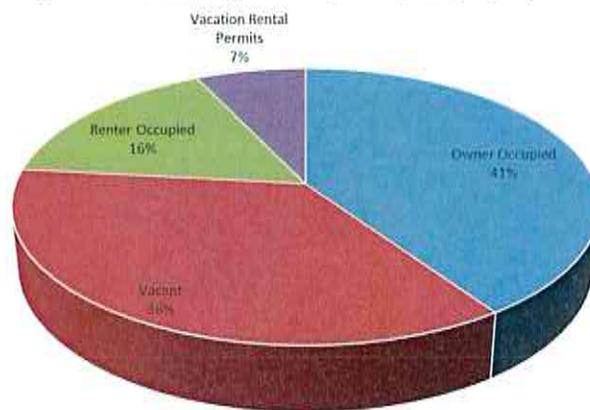
1 of the total vacant housing stock. This figure does not account for vacation rentals that are
2 operated without a permit.
3
4

5 **Figure 5-11. Total No. of Vacation Rental Permits**



6
7 Source: SJC DCD VR Permit Data Assembled 2016
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Figure 5-12. Housing Units by Occupancy Type, 2015



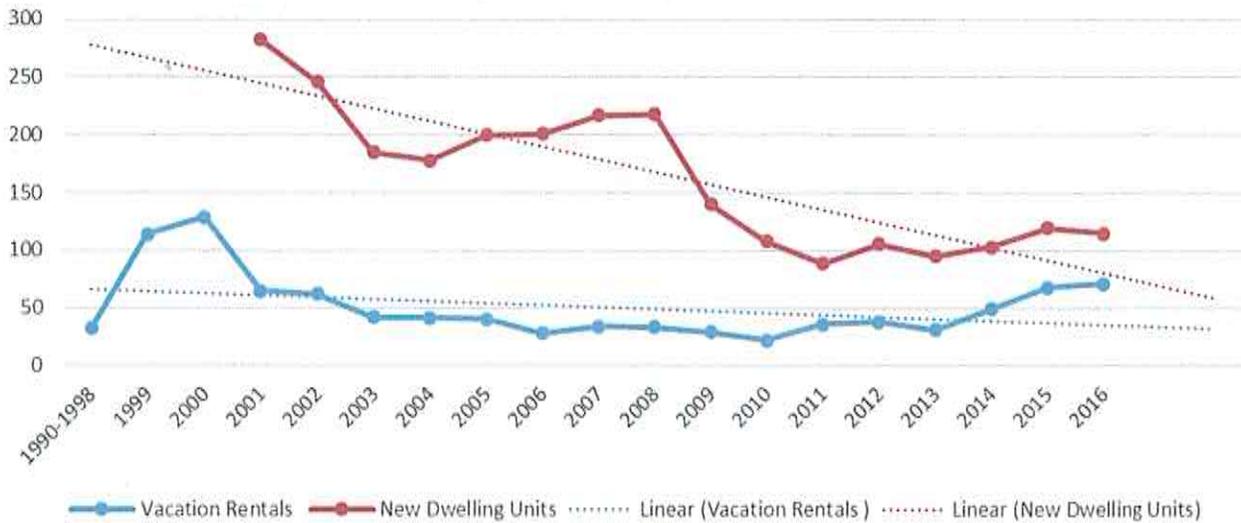
11 Source: U.S. Census Bureau, 2000 Census, 2010 Census, 2011-2015 American Community Survey 5-Year Estimates

12 Source: SJC DCD VR Permit Data Assembled 2016
13
14

15 While 7 percent of County housing stock being made up of VR units is not in of itself
16 alarming, the ratio of new VR permits to new housing units being built tells a slightly
17 different story. VR units have maintained a steady and modest growth over the past 10
18 years, while at the same time the number of new dwelling unit permits has seen a steady
19 decline (see Figure 5-13). This means that although there has not been a large jump in the
20 total number of VR units over time, VR units are becoming a larger and larger proportion
21 of new development. From 2005-2010, there were on average 5.5 new dwelling units in the
22 County for every VR permit issued per year. From 2011-2016, there were only 2.18 new
23 dwellings units per VR permit per year.¹⁵ Figure 5-14 visualizes the different types of
24 housing stock's changing proportions over the past 15 years.

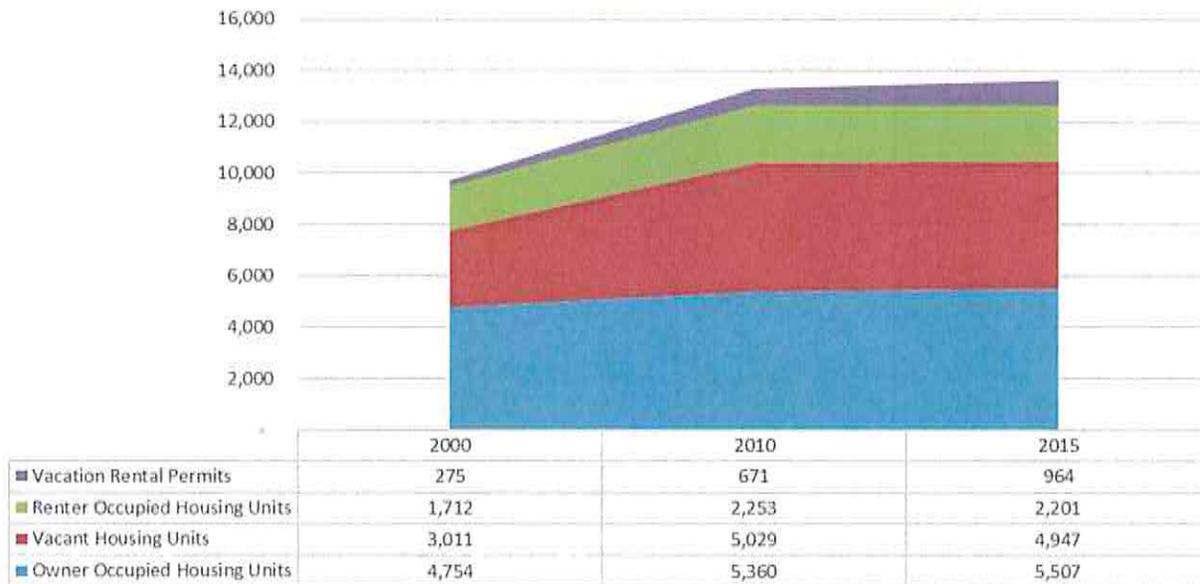
¹⁵ Source: SJC DCD VR Permit Data Assembled 2016

1 **Figure 5-13. Vacation Rental Permits as compared to Dwelling Unit Permits**



2
3
4 Source: SJC DCD VR Permit Data Assembled 2016

5 **Figure 5-14. Housing Units by Occupancy Type**



6
7 Source: U.S. Census Bureau, 2000 Census, 2010 Census, 2011-2015 American Community Survey 5-Year Estimates
8 Source: SJC DCD VR Permit Data Assembled 2016
9

10 5.5 Affordable Housing

11 The Growth Management Act defines affordable dwelling units for sale as:

12
13
14 “Housing with mortgages that consume no more than thirty percent of the
15 owner’s gross annual household income,” [WAC 365-196-410(2)(e)(A)].

16 More specifically, San Juan County Code 18.60.260 defines affordable housing thusly:

17
18 “Affordable housing is housing where the occupants pay no more than 30
19 percent of gross monthly income for total housing costs, including the cost
20 of property taxes and insurance for homeowners and monthly utilities,

1 excluding telephone, for owners and renters. Except where further
 2 specified in the Comprehensive Plan and this code, “affordable housing”
 3 refers to such housing serving as the primary residence for very low-,
 4 low-, moderate- and middle-income households. The definition of income
 5 groups by household size shall be as most recently defined by the U.S.
 6 Department of Housing and Urban Development (HUD) for San Juan
 7 County.”

8
 9 **5.5.1 HUD Income Limit Guidelines**

10
 11 Table 5-8 below sets out HUD’s income limit guidelines for 2017.

12
 13 **Table 5-8. HUD Area Median Income Limit Guidelines, 2017¹⁶**

Area	Median Income	2017 Income Limit		1 person	2 persons	3 persons	BASE 4 persons	5 persons	6 persons
		Category							
San Juan County	\$67,600	Extremely Low	30%	14,250	16,250	20,420	24,600	28,780	32,960
		Very Low	50%	23,700	27,050	30,450	33,800	36,550	39,250
		Low	80%	37,900	43,300	48,700	54,100	58,450	62,800
		Moderate	95%	44,950	51,400	57,800	64,220	69,350	74,500
		Middle	120%	56,800	64,900	73,000	81,120	87,600	94,100
		Low Upper	150%	71,000	81,100	91,250	101,400	109,500	117,600

14 Source for 2017 Median Income, Extremely Low, Very Low, and Low Categories:
 15 <https://www.huduser.gov/portal/datasets/il/il2017/2017summary.odt>

16
 17 Affordable housing (or lack thereof) in San Juan County directly affects the economic and
 18 social makeup of the community. Because it is so cumbersome to commute to and from the
 19 mainland to work, those who wish to make their lives on these islands are not given the
 20 economic freedom of movement available in other communities. This housing gap for
 21 those in low income brackets can in turn lead to a shortage of workers for island
 22 businesses, directly affecting the overall economic health of the community.

23
 24 The rental market in San Juan County tends to be volatile and seasonal. Coupled with an
 25 extremely low vacancy rate, even the loss of one rental housing unit can lead to an entire
 26 family relocating off island. This puts tremendous economic pressure on renters in San
 27 Juan County who must live in uncertainty. In a healthy housing economy, there is a steady
 28 stock of vacant rentals available for people experiencing short or long term economic
 29 transitions due to job or housing losses.

30
 31 **5.5.2 Distribution of Households by Area Median Income**

32
 33 Table 5-9 shows the distribution of households in San Juan County by income within
 34 HUD’s Area Median Income (AMI). By far the most common subset is households making
 35 more than 100 percent of the area median family income who own their home, followed by

¹⁶ Moderate, Middle and Low Upper data was calculated by multiplying the Median Income by the Income Limit percentage to derive the 4 person limit, and then multiplying that number by 70 percent for 1 person, 80 percent for 2 persons, 90 percent for 3 person, 108 percent for 5 persons and 116 percent for 6 persons and then rounded to the nearest \$50.

1 owners making between 50 to 80 percent of AMI and renters making above 100 percent
 2 AMI. Of the households in San Juan County, 40 percent have income that is considered
 3 either low, very low or extremely low according to HUD's guidelines. For renter
 4 households, those making less than 30 percent of the AMI are the second most common
 5 subset.
 6
 7

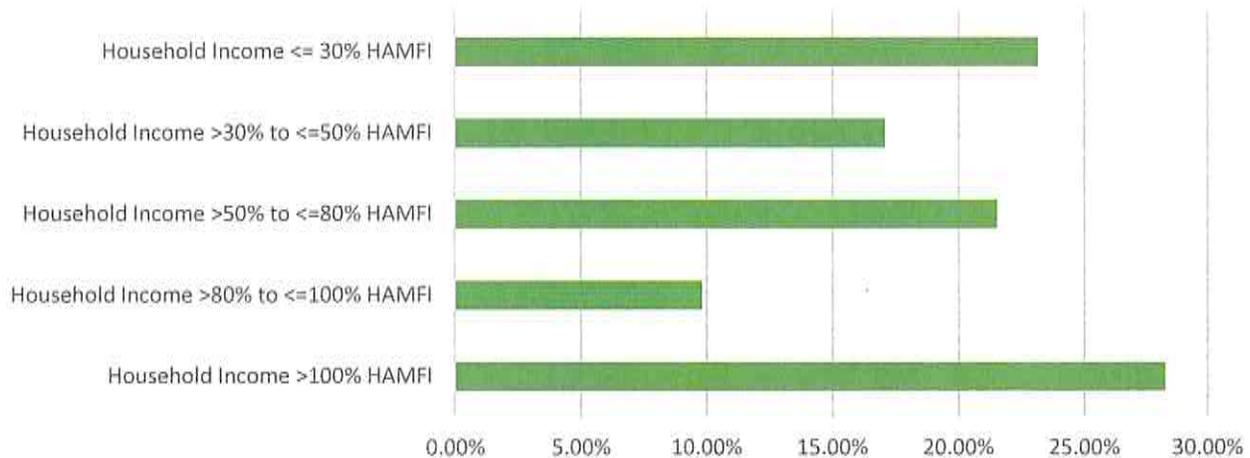
Table 5-9. Households by Income Distribution, 2010-2014

	Owner	Renter	Total
Household Income <= 30% HAMFI ¹⁷	330	495	825
Household Income >30% to <=50% HAMFI	475	365	840
Household Income >50% to <=80% HAMFI	855	460	1,315
Household Income >80% to <=100% HAMFI	595	210	805
Household Income >100% HAMFI	3,225	605	3,830
Total	5,475	2,135	7,610

Source: HUD Comprehensive Housing Affordability Strategy Data 2010-2014

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Figure 5-15. Percentage of Renter Households by HAMFI, 2010-2014



Source: HUD Comprehensive Housing Affordability Strategy Data 2010-2014

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5.5.3 Housing Affordability Index

Island County's 2016 Comprehensive Plan Update describes the Washington Center for Real Estate Research (WCRER) Housing Affordability Index (HAI) thusly:

"Measures the ability of a middle-income family to carry the mortgage payments on a median price home. It is calculated using a ratio of income to the minimum outlay necessary to qualify for a mortgage on a median priced home. An index of 100 means there is a balance between the family's ability to pay and the cost. Higher indexes indicate housing is more affordable and lower indexes indicate housing is less affordable."

¹⁷ HAMFI- HUD Area Median Family Income

1 The HAI for San Juan County in the first quarter of 2017 was 79.8, a full 44.5 points lower
2 than Washington State's 124.3 HAI (see Table 5-10).

3
4 This indicates that housing in San Juan County is extremely unaffordable. In fact, housing
5 in San Juan County is the least affordable in the State¹⁸. San Juan's HAI has decreased by
6 almost 23 percent just in the last year.

7
8 Finding an affordable house can be particularly difficult for first time home buyers as first
9 time home buyers tend to have less capital to invest in a property and thus must pay
10 higher interest rates and a higher monthly payment. The HAI for first time home buyers in
11 San Juan County in the first quarter of 2017 was 37.5, meaning it was extremely difficult to
12 find an affordable house during this time period.

13
14 While it is expected that houses will be less affordable for first time home buyers, the HAI
15 for a first time home buyer in San Juan County was 53 percent lower than the HAI for all
16 home buyers in the County. Compare to the statewide first time HAI that was 42 percent
17 lower than the HAI for all home buyers in the State. Market conditions in the County
18 make access to the housing market for most people looking to buy their first home
19 unfeasible, and this inability for first time home buyers to participate in the market
20 contributes to the County's increasingly skewed age demographics.

21
22 **Table 5-10. Median Resale Price and Housing Affordability Index (HAI), 1st Quarter 2017¹⁹**

Area	Median Resale Price Q1 2017 (\$)	HAI	First- time Home Buyer HAI
San Juan County	\$453,100	79.8	37.5
Washington State	\$324,300	124.3	71.4

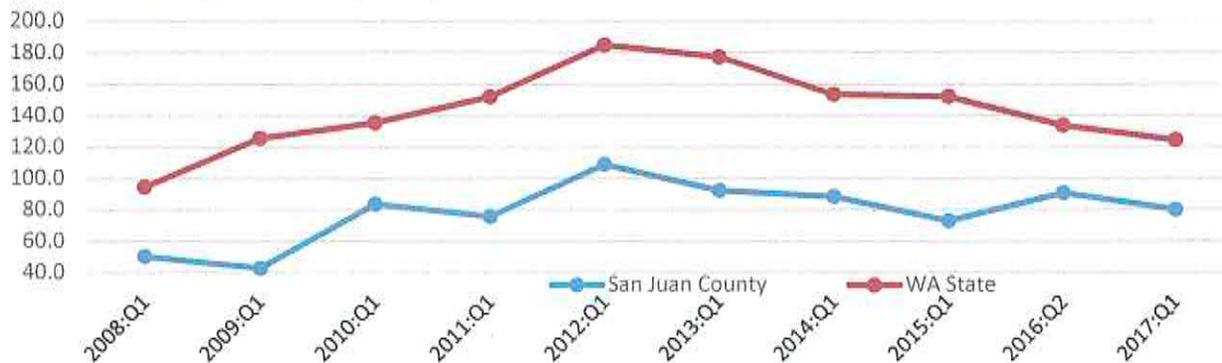
23 Source: Washington Center for Real Estate Research, Housing Market Snapshot State of Washington and Counties First Quarter 2017

24
25 Figure 5-16 shows how the HAI in San Juan County and Washington State have changed
26 over time. Despite the gap in affordability, this graph shows a strong correlation between
27 the HAI in the County and statewide. It would seem that as affordability rises or falls in
28 Washington as a whole, so goes San Juan County (albeit roughly 65 points lower on
29 average). Following the Great Recession in 2009, housing affordability rose both in San
30 Juan County and across the State until it peaked in 2012. Over the past 5 years housing
31 affordability has steadily declined, and if this trend continues the HAI will soon reach pre-
32 recession numbers.

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¹⁸ Source: Washington Center for Real Estate Research, Housing Market Snapshot State of Washington and Counties First Quarter 2017

¹⁹ Affordability index measures the ability of a typical family to make payments on median price resale home. It assumes 20 percent down payment and 30-year amortizing mortgage. First-time buyer affordability index assumes a less expensive home, lower down payment, and lower income.

1 **Figure 5-16. Housing Affordability Index, 2008-2017²⁰**



2
3 Source: Washington Center for Real Estate Research, Housing Market Snapshot State of Washington and Counties 2008-2017

4 5 **5.5.4 Housing Costs**

6
7 The HAI measures the theoretical affordability of a family to purchase a new house, but
8 does not address the affordability of the population's current residence. Table 5-11 speaks
9 to the lack of affordable housing in San Juan County (again affordable housing meaning
10 housing where the occupants pay no more than 30 percent of gross monthly income for
11 total housing costs, including the cost of property taxes and insurance for homeowners
12 and monthly utilities). Those paying greater than 30 percent of their monthly income on
13 housing costs are considered "cost-burdened."

14
15 Table 5-11 shows the percentages of population income brackets paying more than 30
16 percent, 20 to 29 percent, and less than 20 percent in 2010 and 2015 for both renter and
17 owner occupied housing units. Over those 5 years the percentage of cost-burdened
18 households has increased in nearly every income bracket. There is no indication that this
19 trend will cease or slowdown in the future, and it is likely that more and more residents in
20 the future will be paying a greater share of their monthly income to housing costs.
21 Households considered cost burdened are likely to have difficulty paying for other
22 essentials such as insurance, food, heating, car payments, etc.

23
24 The lack of affordable housing options in San Juan County affects over half of the
25 population. In 2015, of households who own their homes in the \$50,000 to \$74,999 income
26 bracket (roughly 75-110 percent of AMI), generally considered "middle class," 37 percent
27 were cost-burdened. Still, the hardest hit by the lack of affordable housing in the County
28 are those with extremely low income, with 78 percent of households making less than
29 \$20,000 considered cost-burdened.

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²⁰ Quarter 2 for 2016 was used rather than Quarter 1 as there was a statistical anomaly that quarter which showed a large jump not seen in Q4 of 2015 or Q2 of 2016.

1 **Table 5-11. Monthly Housing Costs of Occupied Housing Units as a Percentage of Household Income**

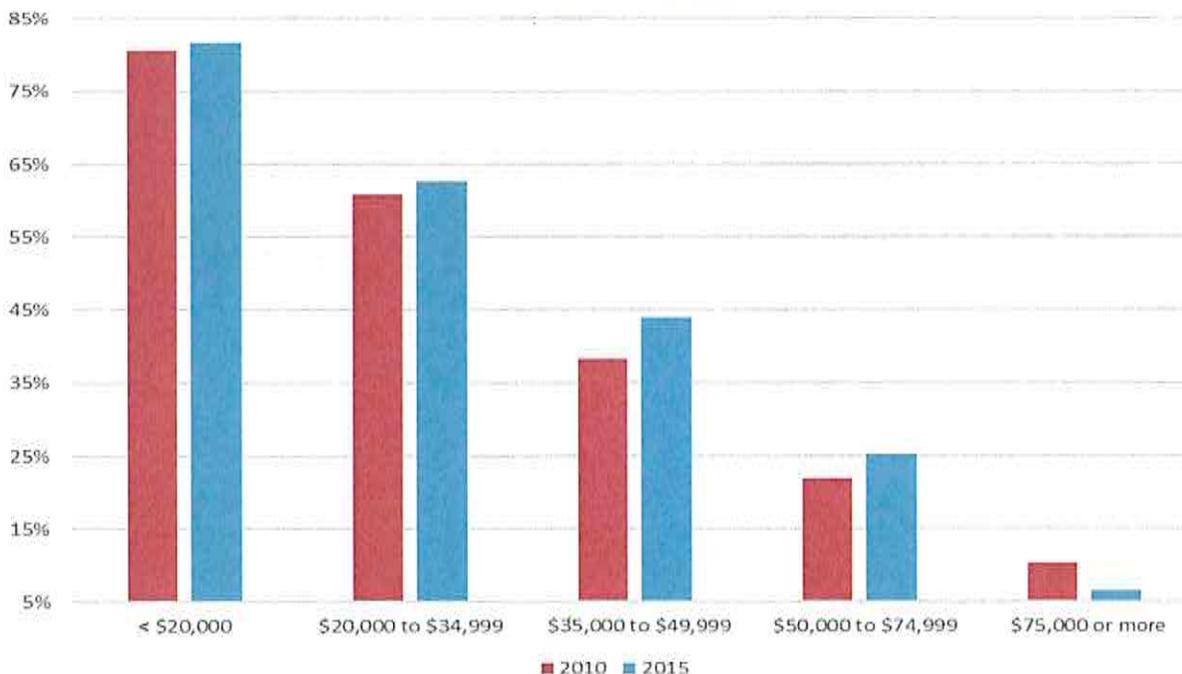
2010 Household Income	No Cash Rent or Zero/Negative Income	< \$20,000	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 or more
Owner-occupied housing units	1.1%	12.5%	12.0%	15.7%	21.9%	36.7%
Less than 20 percent		11%	30%	39%	44%	57%
20 to 29 percent		10%	16%	22%	20%	22%
30 percent or more		79%	55%	39%	37%	21%
Renter-occupied housing units	8.0%	22.3%	24.6%	15.7%	20.6%	8.8%
Less than 20 percent		3%	10%	17%	46%	77%
20 to 29 percent		15%	23%	46%	47%	23%
30 percent or more		82%	67%	38%	7%	0%

2015 Household Income	No Cash Rent or Zero/Negative Income	< \$20,000	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 or more
Owner-occupied housing units	0.8%	8.6%	14.4%	13.2%	19.3%	43.7%
Less than 20 percent		10%	29%	36%	41%	67%
20 to 29 percent		12%	17%	19%	22%	22%
30 percent or more		78%	53%	45%	37%	11%
Renter-occupied housing units	13.8%	23.6%	18.4%	16%	14.4%	13.7%
Less than 20 percent		1%	6%	13%	38%	83%
20 to 29 percent		14%	22%	44%	49%	15%
30 percent or more		86%	72%	43%	13%	2%

2 Source: U.S. Census Bureau, 2006-2010 American Community Survey 5-Year Estimates

3 Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

5 **Figure 5-17. Occupied Housing Units paying >30 percent of Household Income to Monthly Housing Costs**



6 Source: U.S. Census Bureau, 2006-2010 American Community Survey 5-Year Estimates

7 Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

8
9
10 Figure 5-17 displays how the number of cost-burdened owner and renter households have
11 changed between 2010 and 2015. Every population demographic of household income has
12 seen an increase in the number of households with monthly housing expenses considered

1 unaffordable except those making \$75,000 or more. The largest increases came from those
2 making between \$35,000 and \$74,999. This indicates that low income households have
3 been struggling with housing costs for some time, and it is becoming much more common
4 for middle and moderate income households to experience cost-burdened housing.

5
6 According to the *2015 Washington State House Needs Assessment* created by the Washington
7 Affordable Housing Advisory Board, there are 3,100 cost-burdened households in San
8 Juan County. If that ratio continues (and it may well increase), that would mean a
9 projected additional 625 cost-burdened households in San Juan County by 2036.

10 11 **5.5.5 Homelessness**

12
13 The Washington Homeless Housing and Assistance Act requires that each County in
14 Washington State conduct an annual point-in-time (PIT) count of sheltered and
15 unsheltered homeless persons. This census is conducted in accordance with the
16 requirements of the U.S. Department of Housing and Urban Development (HUD). The
17 2017 (PIT) took place on January 26, 2017.

18
19 **Table 5-12. San Juan County Point in Time Homeless Count, 2014-2017**

	2014	2015	2016	2017
Individuals Considered Homeless	44	74	58	96
Individuals Considered at Risk of Homelessness	21	60	46	58
Total	65	134	104	154

Source: SJC Health & Community Service PIT Data Assembled June 2017

20
21
22 The year-to-year count in San Juan County tends to be volatile depending on volunteer
23 participation and weather. In 2017, the highest PIT count ever was recorded for San Juan
24 County. Individuals are considered homeless if they are living either outdoors, in a
25 vehicle, or in a substandard structure lacking one of the following: drinking water, a
26 restroom, heat, ability to cook hot food, ability to bath. Those living temporarily with
27 family or friends are considered at risk of homelessness.

28
29 The highest percentage of respondents during the 2017 count were those living in
30 substandard structures²¹, suggesting that even those who may live in "affordable" housing
31 can still be living in an unsafe or sub-par shelter. San Juan County Health & Community
32 Services expects that the number of individuals in the County considered homeless will
33 continue to rise as the County improves its PIT volunteer recruitment and methodology,
34 leading to increased identification of those in the County living in substandard housing.

35 36 **5.5.6 San Juan County Affordable Housing Programs**

37
38 San Juan County Health & Community Services Department is charged with
39 administering affordable housing programs in the County. These programs are funded
40 primarily through document recording fees (see RCW 36.22.179), as well as State and
41 federal grants. Some of the programs funded by these fees are:

²¹ Source: SJC Health & Community Service PIT Data Assembled June 2017

1 • **Senior & Disabled Rental Subsidy Program**

2 Provides rental assistance to extremely low-income seniors and people with
3 disabilities below 30 percent of the area median income.
4

5 • **Emergency Rental Assistance Program**

6 Helps low-income people who are in immediate need of rental assistance to avoid
7 eviction or to facilitate a move to new housing. The program is administered by the
8 Resource Centers on Lopez, Orcas and San Juan Islands. Funding for this program
9 has come from a variety of sources including the United Way, FEMA, the
10 Opportunity Council, private donations and County funds.
11

12 • **Very Low-Income Housing Fund Awards**

13 Provides funding to local nonprofits and developers, as either grants or loans, for
14 construction, operation or maintenance of projects that serve families or individuals
15 earning less than 50 percent of the area median income.
16

17 • **Equity Loan Program for First Time Homebuyers**

18 Provides soft second mortgages to fill the gap between what low income San Juan
19 County residents can afford and what modest housing actually costs in the County.
20 Funds for establishing this revolving loan fund were from two grants to San Juan
21 County from the Housing Trust Fund in 1997 and 2001. Since the fund's inception,
22 the County has been able to provide down payment assistance to 59 families in the
23 County making 80 percent of the area median income or less.
24

25 **5.5.7 Housing Groups and Nonprofits**

26
27 There are a number of different groups and nonprofits working in the County to provide
28 affordable housing. The Lopez Community Land Trust, OPAL Community Land Trust,
29 the San Juan Community Home Trust, and Homes for Islanders are all housing nonprofit
30 groups in the County who combined have created approximately 306 housing units²², with
31 204 planned or in development. Additionally, the Opportunity Council is a private,
32 nonprofit community action agency operating out of Bellingham that serves San Juan
33 County in a variety of different ways including Tenant Based Rental Assistance and
34 weatherization programs. The Family Resource Centers on each island play a pivotal role
35 in connecting low-income County residents with housing and many other poverty
36 alleviation programs.
37

38 **5.5.8 Affordable Apartments**

39
40 In 2017, there are 130 "affordable apartments" in San Juan County that were largely
41 constructed using United States Department of Agriculture low interest loans or Low
42 Income Housing Tax Credits. However, the number of apartments in the County with
43 income restrictions is declining.
44

22 See Table 5-13. SAN JUAN COUNTY LOW-INCOME HOUSING INVENTORY, 2017

1 In the past, new multi-unit developments were constructed in the County using USDA
2 loans with affordable unit restrictions to finance projects. The program works with
3 private-sector lenders to provide financing to increase the supply of affordable rental
4 housing for low- and moderate-income individuals and families in eligible rural areas and
5 towns.

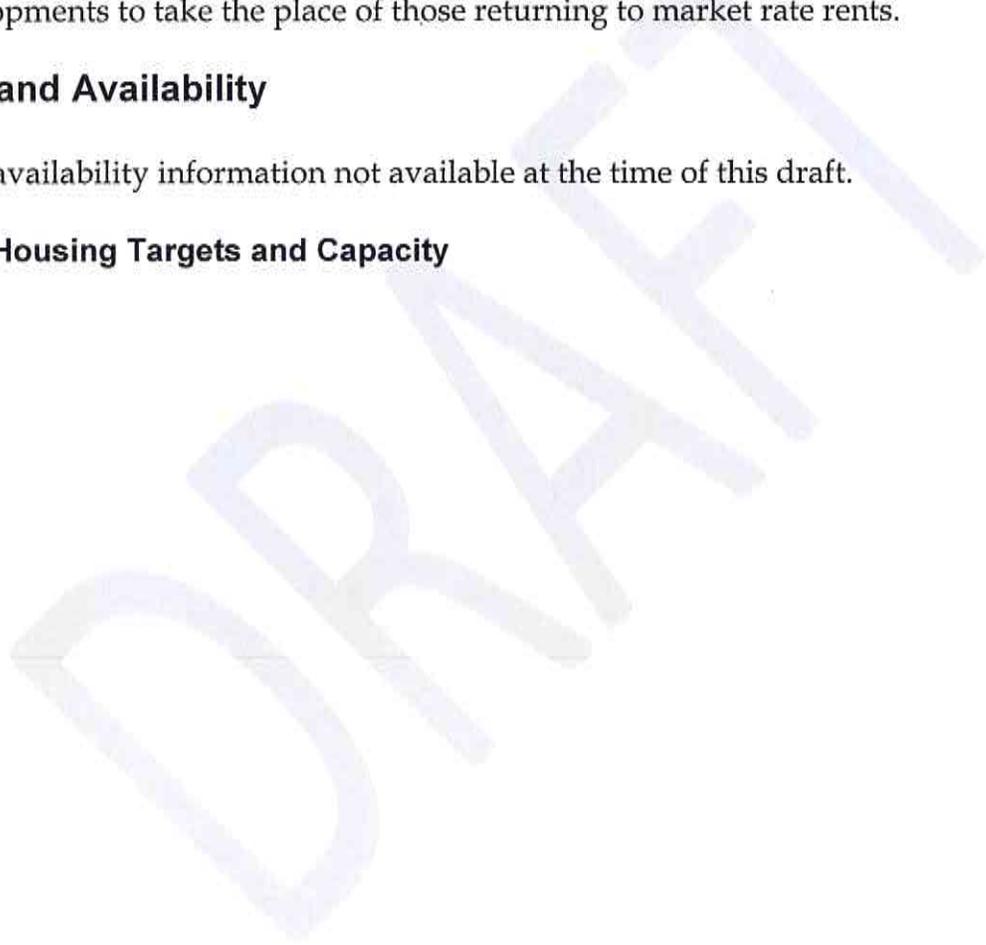
6
7 Once the USDA loan is repaid, these developments can then raise the rent of all of their
8 units to market rate, effectively eliminating their units from the affordable housing stock.
9 As well, if a development is foreclosed and sold at auction, the USDA affordability
10 requirements are extinguished. Two such complexes in the County have already returned
11 to market rate, with more scheduled to lose their affordability requirements over the
12 planning horizon (see notes on Table-13). At the same time, there have been no new USDA
13 developments to take the place of those returning to market rate rents.

14 15 **5.6 Land Availability**

16
17 Land availability information not available at the time of this draft.

18 19 **5.6.1 Housing Targets and Capacity**

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1 Table 5-13. SAN JUAN COUNTY LOW-INCOME¹ HOUSING INVENTORY, 2017

ISLAND	AGENCY OR OWNER	DEVELOPMENT	SINGLE FAMILY HOMES	LOW INCOME RENTAL APTS W/O SUBSIDY	LOW INCOME RENTAL APTS W/ SUBSIDY	SINGLE FAMILY HOMES UNDER DEVELOPMENT	TOTAL EXISTING OR UNDER DEVELOPMENT	SINGLE FAMILY HOMES PLANNED	SINGLE FAMILY HOMES PROPOSED	RENTAL HOMES PLANNED	LAND BANKED FOR RENTAL/OWNERSHIP	TOTAL PLANNED OR PROPOSED	
SAN JUAN	San Juan Community Home Trust ²	Salal	15				15					0	
		Sun Rise	14			12	26				94	94	
	Homes For Islanders ³	Leeward Cove	8				8						0
		Rocky Bay	8				8						0
		Park Plaza	9				9						0
		County Village Estates	31				31						0
		Harbor Grove	12				12						0
		Heritage Court				9	9						0
		Next Friday Harbor Dev.					0	20					20
	Ad-West Property Mgt	Friday Harbor Village ⁴											
		Harborview ⁵		14	6		20						0
		Island Meadows ⁶											
		Islewood ⁷		9	9		18						0
		Rosewood ⁸			18		18						0
	Diamond Mgt	Gerard Park ⁹		4	16		20						0
		Surina Meadows ¹⁰		2	18		20						0
	ORCAS	OPAL Comm. Land Trust ²	OPAL Commons	18				18					0
Bonnie Brae			24				24					0	
Oberon Wood			5				5					0	
Oberon Meadow			4				4					0	
Lahari Ridge			6				6					0	
Wild Rose Meadow			32				32					0	
Scattered Sites			14				14					0	
OPAL Reddick				7			7					0	
Orcas Village							0	12				12	
North Beach							0			30	15	45	
Lavender Hollow				5	17		22					0	
Homes For Islanders ³		Woodland Estates	8				8					0	
		North Beach Gardens	6				6					0	
Ad-West Property Mgt		Orcas Longhouse ¹¹		16			16					0	
LOPEZ	Lopez Comm. Land Trust ²	Morgan Town	7				7					0	
		Coho	7				7					0	
		Innisfree	8				8					0	
		Common Ground	11				11					0	
		Common Field Apartments		2			2					0	
		Tierra Verde	4				4					0	
		Salish Way	3				3					0	
		LCLT					0				33	33	
	Diamond Mgt	Westview Apts ¹²		8	10		18					0	
TOTAL			254	67	94	21	436	32	0	30	142	204	

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Table 5-14. OTHER AFFORDABLE OPTIONS - NO INCOME RESTRICTIONS

ISLAND	AGENCY OR OWNER	DEVELOPMENT	SINGLE FAMILY HOMES	MANUF. HOMES	MOBILE HOMES	RV HOOK UPS	LOW INCOMERENTAL APTS W/O SUBSIDY	LOW INCOME RENTAL APTS W SUBSIDY	SINGLE FAMILY HOMES UNDER DEVELOPMENT	TOTAL EXISTING OR UNDER DEVELOPMENT
SAN JUAN	The Oaks	The Oaks		78						78
	Harbor Ridge	Harbor Ridge Mobile Home Park			63	12				75
TOTAL			0	78	63	12	0	0	0	153

3
4

Table-13 NOTES:

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1. Qualifying residents must have incomes at or below 80 percent of Area Median Income (AMI)

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8

80 percent of AMI - 2017:

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10

1-Person Household \$37,900

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12

2-Person Household \$43,300

13
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3-Person Household \$48,700

15
16

4-Person Household \$54,100

17
18

5-Person Household \$58,450

19
20

6-Person Household \$62,800

21
22

2. Community Land Trust - Permanently Affordable nonprofit w/ resale restrictions for home ownership

23
24

3. Homes For Islanders - Sweat Equity nonprofit, with or without resale restrictions for homeownership

25
26

4. Friday Harbor Village - Property sold at public auction in 2015, extinguishing affordability requirements. Units go to market rate when vacated or in 2018, whichever is sooner.

27
28

5. Harborview - Affordability requirements set to expire in 2034. Eligible to expire in 2004 if USDA loan paid off.

29
30

6. Island Meadows - USDA loan repaid in 2012. Six long-term tenants paying income-based rent through USDA voucher program; as they vacate, units will go to market rate.

31
32

7. Islewood - Affordability requirements set to expire in 2039.

33
34

8. Rosewood - Affordability requirements set to expire in 2030.

9. Gerard Park - Senior & Disabled only. Affordability requirements set to expire 2044.

10. Surina Meadows - Affordability Requirements set to expire 2042.

11. Orcas Longhouse - nonprofit Senior & Disabled apartments. Affordability Requirements set to expire 2035.

12. Westview Apartments - Affordability Requirements set to expire 2040.