

## Adam Zack

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**From:** Deborah Neff <neff@rockisland.com>  
**Sent:** Thursday, August 24, 2017 4:25 PM  
**To:** Ryan Page  
**Subject:** Brief comments on Housing Needs Assessment  
**Attachments:** 2017-draft UW comments.docx

Dear Ryan,

What an excellent report. I was surprised you got it done so quickly. It is really well-done, very thorough and well-written. So my comments are few, and confined to the early part of the draft.

I hope we can talk more about these data soon. We are excited about working with the county on this issue.

Regards — and congratulations!

Deborah Neff

**COMPREHENSIVE PLAN**

**Appendix 5**

**HOUSING NEEDS ASSESSMENT**

**August 9, 2017 Preliminary DRAFT**

DRAFT

**APPENDIX 5**  
**HOUSING NEEDS ASSESSMENT**  
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## 5.1 San Juan County Housing Needs Assessment Executive Summary

**Commented [DN1]:** It would be useful to explain to reader how this draft report fits within the comprehensive plan, especially noting what follows this step.

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.

**Commented [DN2]:** The reasons for this, which you note below, could also be highlighted briefly here.

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.

**Commented [DN3]:** Why exactly? The challenges and constraints of our unique situation as a set of remote island communities, tourism, and other aspects noted below. These are all in the report and I think important to spell out early on.

Research compiled for this Assessment revealed the following characteristics:

**Commented [DN4]:** Characteristic of?

- 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.

**Commented [DN5]:** Where are we currently?

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

**Commented [DN6]:** You might list here other forms of low wage employment , which goes beyond the three sectors you mentioned.

**Commented [DN7]:** I would spell this out in a little more detail here and in the document. This seems really important, and its implications should be explored in more depth at some point.

**Commented [DN8]:** I would spell this out in a little more detail here and in the document. This is one of the most fascinating piece of data, and perhaps one of the most challenging variables.

**Commented [DN9]:** I would highlight this in Exec Sum and higher up in this section for emphasis.

**Commented [DN10]:** The content in this section is confusing to me. Are these future activities, to follow Housing Needs Assessment?

## 5.2 Introduction

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

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

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

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

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

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

1. Is the current housing stock appropriate and affordable for current residents?
2. Is housing accessible for future residents housing needs?

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

**Commented [DN11]:** Again I would list all of the reasons we are unique early on, including these points, and areas that are challenging for us as a result of this.

**Commented [DN12]:** I would move these to the top of this section for clarity.

## 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.<sup>1</sup>

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.

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

**Commented [DN13]:** This para could be more clear. I am also interested in the unpredictability of migration, and of seasonal patterns and how this influences our demographics and creates difficulty planning. (eg p. 9)

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                 |
| <b>Total</b>                 | <b>16,314</b>   | <b>100.0%</b>                 | <b>19,423</b>             | <b>100.0%</b>                 | <b>3,109</b>         | <b>1,524</b>                | <b>809</b>        |

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.<sup>2</sup>
- 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.

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

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

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

|       | 2016   | 2025   | 2030   | 2035   |
|-------|--------|--------|--------|--------|
| Age   | Total  | Total  | Total  | Total  |
|       | 16,320 | 16,606 | 16,939 | 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  |

Source: WA OFM GMA 2012 Intermediate Projections

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

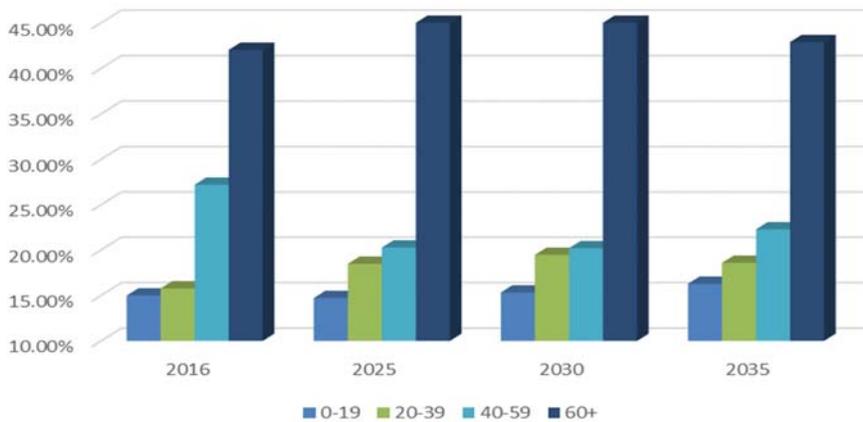
**Commented [DN14]:** Include above, too, for emphasis. These are really good points.

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

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. However, this does not take into account the rate at which housing units in the County are being built or converted to units considered vacant. 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. 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.

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



Source: WA OFM GMA 2012 Intermediate Projections

### 5.3.2 Income and Economic Structure

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

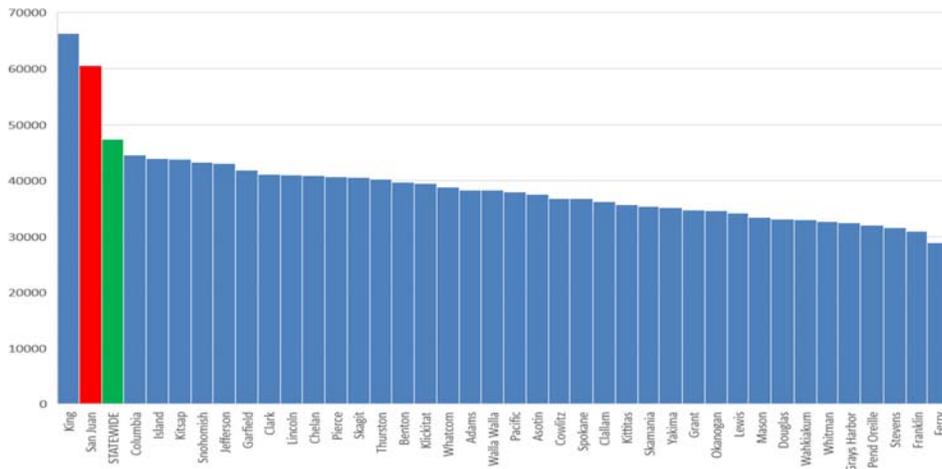
Table 5-3 shows the change in household income and benefits brackets from the 2006-2010 ACS period to 2011-2015. Over this time frame, households making less than \$25,000 has remained relatively stable while households making \$25,000 to \$75,000 have declined by 1.9 percent. Households making above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

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

**Commented [DN15]:** This was astounding to me, I am not sure what the implications are and would be interested in more detail.

**Figure 5-2. Washington State Real<sup>3</sup> Per Capita Personal Income by County, 2015<sup>4</sup>**

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



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<br>Estimates <sup>5</sup> | 2011-2015<br>Estimates <sup>6</sup> |
|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Total households<sup>7</sup></b> | <b>7,986</b>                        | <b>7,708</b>                        |
| 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

<sup>4</sup> In 2015 Constant Dollars

<sup>5</sup> In 2010 Inflation Adjusted Dollars.

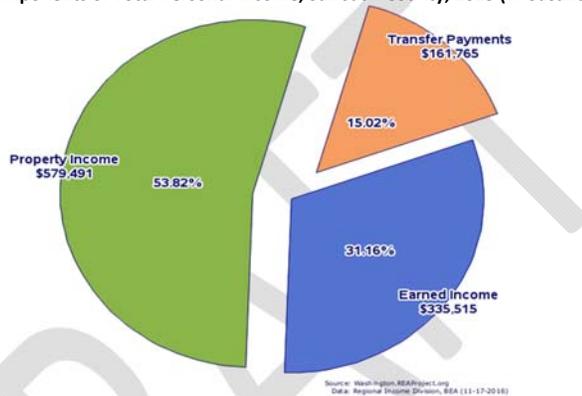
<sup>6</sup> In 2015 Inflation Adjusted Dollars.

<sup>7</sup> 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.

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

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

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



**Commented [DN16]:** This seems really important. How do we compare to other small retirement communities in this statistic? How is this related to the low wage crisis here? what do property income folks have in common with one another: capital. What else? How many own/rent on island? Or are these our very rich part-time residents and retirees? Who own and rent elsewhere? How does this relate to wages staying low, when we allegedly have such a high personal income here? Also our shrinking workforce...

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

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

<sup>8</sup> Source: Washington.REAproject.org

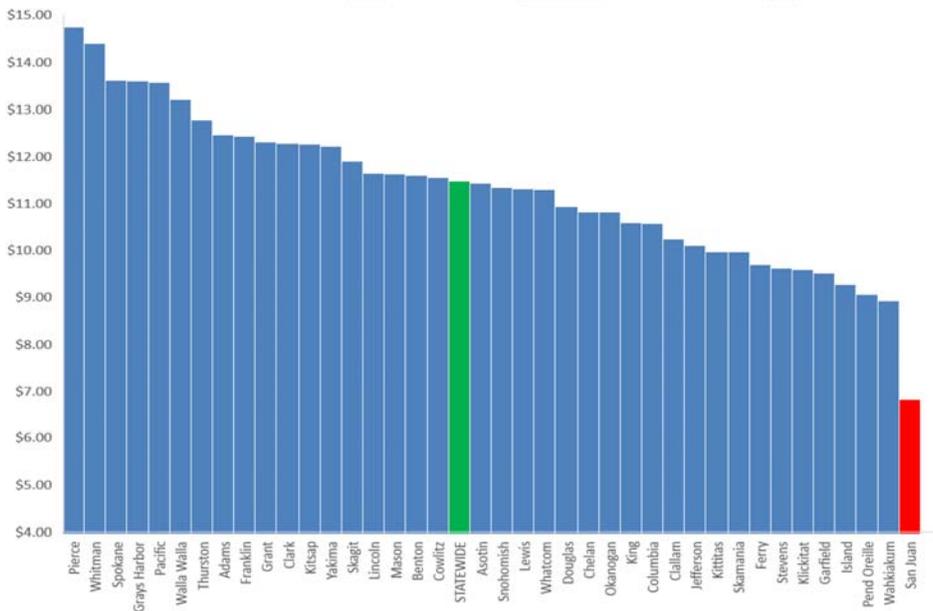
<sup>9</sup> Source: Washington.REAproject.org

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



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

Figure 5-5. Comparison of Average Levy Rates<sup>10</sup> by Year Due in 2009-2016



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

<sup>10</sup> Per \$1,000 of assessed value.

### 5.3.3 Employment

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

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

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

| EMPLOYMENT STATUS                                                 | 2006-2010<br>Estimates | 2011-2015<br>Estimates |
|-------------------------------------------------------------------|------------------------|------------------------|
| <b>Population 16 years and over</b>                               | <b>13,366</b>          | <b>13,988</b>          |
| 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%                  |
| <b>Civilian labor force</b>                                       | <b>8,119</b>           | <b>8,110</b>           |
| Unemployment Rate                                                 | 3.1%                   | 5.9%                   |
| <b>Own children of the householder under 6 years<sup>11</sup></b> | <b>613</b>             | <b>587</b>             |
| All parents in family in labor force                              | 61.3%                  | 68.3%                  |
| <b>Own children of the householder 6 to 17 years</b>              | <b>1,710</b>           | <b>1,573</b>           |
| All parents in family in labor force                              | 73.2%                  | 76.4%                  |

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

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

<sup>11</sup> 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.

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

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

| OCCUPATION                                                                                 | 2006-2010<br>Estimates | 2011-2015<br>Estimates |
|--------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Civilian employed population 16 years and over</b>                                      | <b>7,870</b>           | <b>7,633</b>           |
| 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                                                                                   |                        |                        |
| <b>Civilian employed population 16 years and over</b>                                      | <b>7,870</b>           | <b>7,633</b>           |
| 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%                   |

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

## 5.4 Housing Inventory

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

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

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

### 5.4.1 Vacant Units

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

**Table 5-6. San Juan County Housing Inventory<sup>12</sup>**

| Topic                                         | 2000 Census  | 2010 Census   | 2015 ACS      |
|-----------------------------------------------|--------------|---------------|---------------|
| <b>Total housing units</b>                    | <b>9,752</b> | <b>13,313</b> | <b>13,619</b> |
| 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         |
| <b>Percentage of Total</b>                    |              |               |               |
| 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%        |
| <b>Vacant Housing Unit by Type</b>            |              |               |               |
| 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           |

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

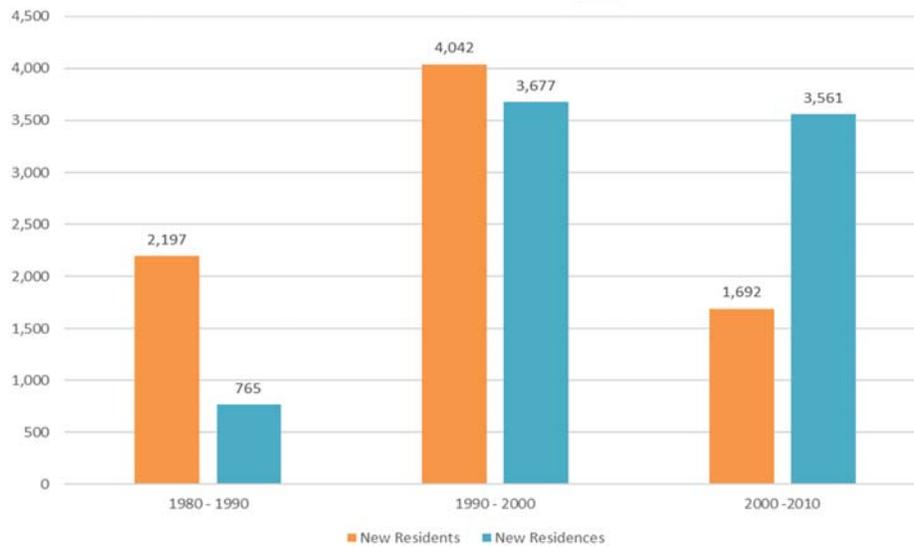
The majority of vacant units in the County consist of units described as “For seasonal, recreational or occasional use.” Despite the gains made in overall housing units from 2000-2010, only 17 percent of new units were being used as owner-occupied housing and 15 percent for renter occupied housing in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

<sup>12</sup> 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.

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

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

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



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

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

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

| Island / Area                  | Total Units   | % of Total   | Vacant Units | % of Total   | Rental Units | % of Total    |
|--------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|
| <b>San Juan County</b>         | <b>13,313</b> |              | <b>5,700</b> |              | <b>2,253</b> |               |
| 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%        |
| <b>Friday Harbor</b>           | <b>1,273</b>  | <b>9.56%</b> | <b>258</b>   | <b>4.53%</b> | <b>513</b>   | <b>22.77%</b> |
| Unincorporated San Juan Island | 4,276         | 32.12%       | 1,727        | 30.30%       | 569          | 25.26%        |

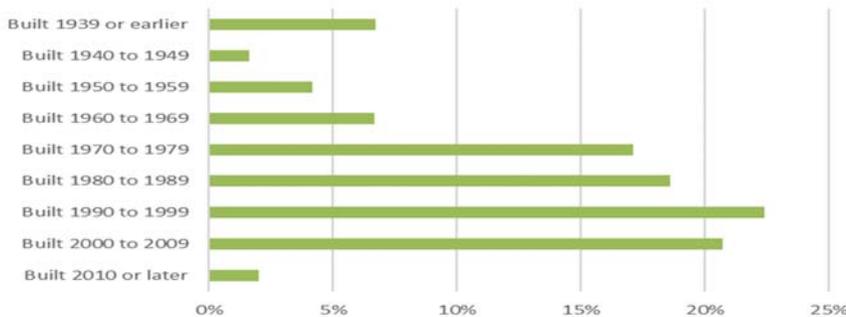
Source: U.S. Census Bureau, 2010 Census.

### 5.4.2 Median Values

According to the ACS 2015 5-year estimate, the median home value for San Juan County is \$465,500, and according to the Washington Center for Real Estate Research (WCRER) the median resale price of homes in San Juan County in the first quarter of 2017 was \$453,100. The median resale price is nearly 30 percent higher than the rest of Washington State. The median home price in San Juan County has risen every year since 2012, increasing by 8 percent in 2014, 6 percent in 2015 and 6 percent again in 2016.<sup>13</sup> One contributing factor to high home values and difficulties in creating affordable housing (see section 5.4) is the high cost of construction on the islands. The cost of transporting certain building materials from the mainland and a small labor pool of skilled local labor mean considerably higher construction costs than other areas of the State.

### 5.4.3 Age of Housing Stock

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



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

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

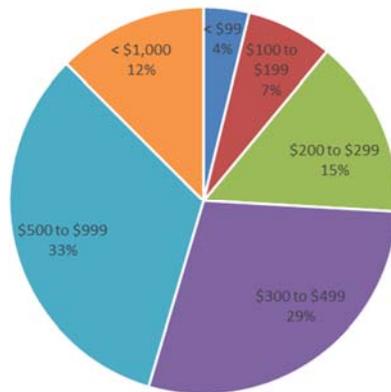
<sup>13</sup> Source: Washington Center for Real Estate Research, Housing Market Snapshot State of Washington and Counties First Quarter 2017

is a lack of multi-family housing units in the County. Only 3.4 percent of the structures in the County consist of five or more units, compared to 19.5 percent statewide.<sup>14</sup>

#### 5.4.4 Owner-Occupied Inventory by Housing Value

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

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



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

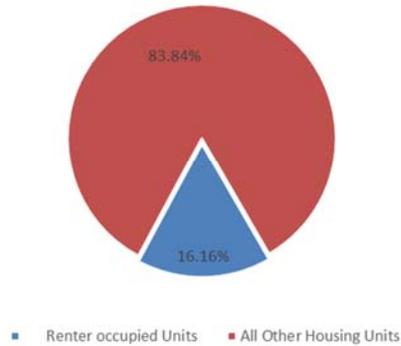
#### 5.4.5 Rental Housing

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

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

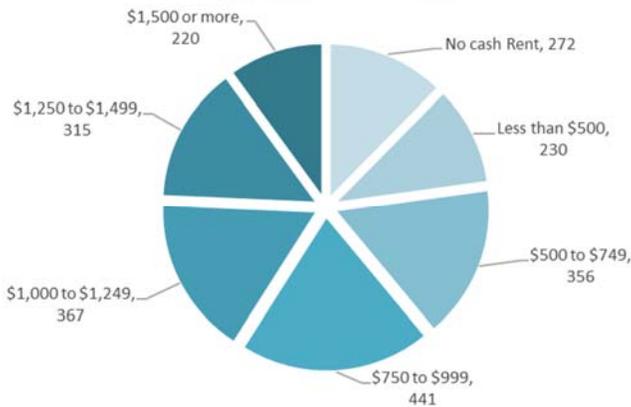
the tenants labor in lieu of rent. Similarly, many units that have less than \$500 rent are apt to be a similarly subsidized arrangement.

**Figure 5-9. Renter Occupied Units as a Percentage of Total Housing Units**



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

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



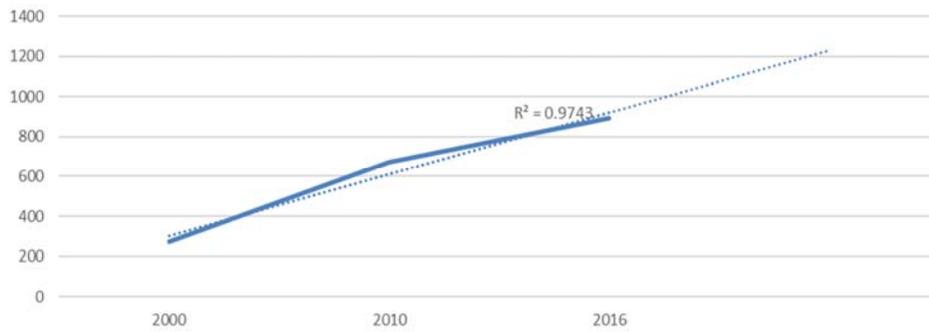
Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

### 5.4.6 Vacation Rentals

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

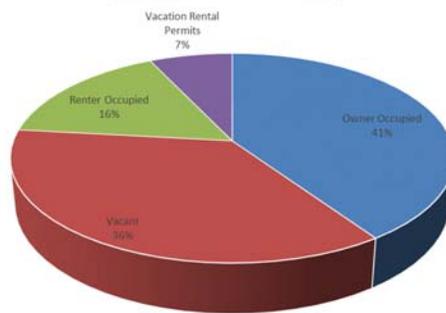
of the total vacant housing stock. This figure does not account for vacation rentals that are operated without a permit.

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



Source: SJC DCD VR Permit Data Assembled 2016

**Figure 5-12. Housing Units by Occupancy Type, 2015**

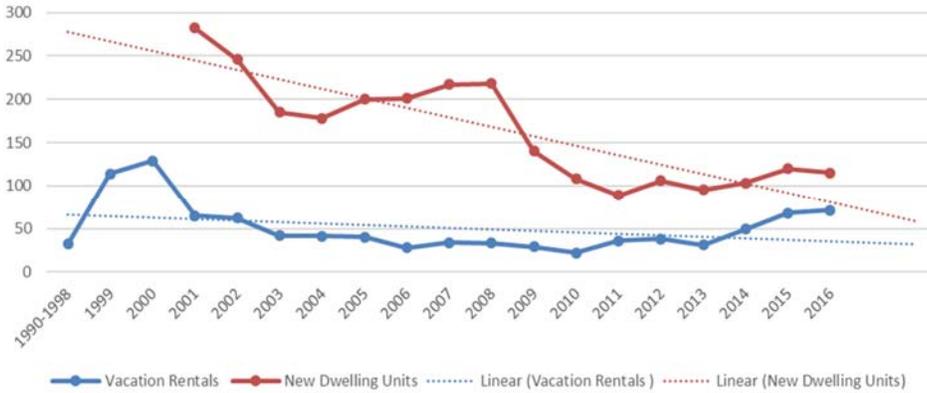


Source: U.S. Census Bureau, 2000 Census, 2010 Census, 2011-2015 American Community Survey 5-Year Estimates  
 Source: SJC DCD VR Permit Data Assembled 2016

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

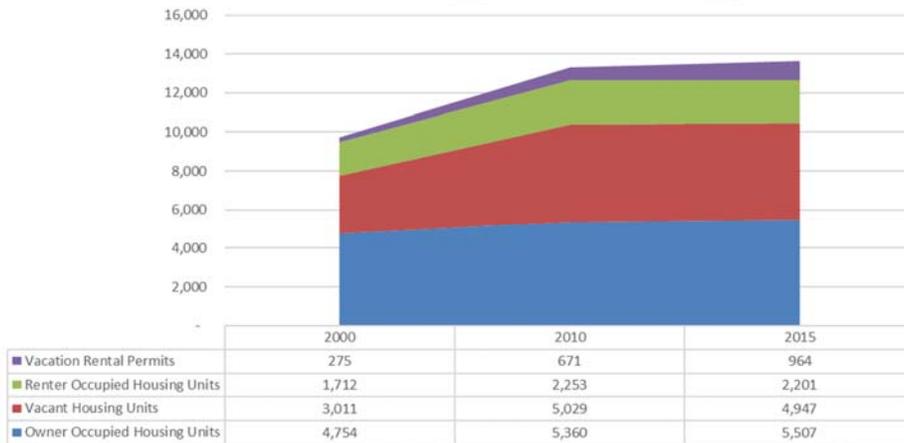
<sup>15</sup> Source: SJC DCD VR Permit Data Assembled 2016

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



Source: SJC DCD VR Permit Data Assembled 2016

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



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

## 5.5 Affordable Housing

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

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

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

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

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

### 5.5.1 HUD Income Limit Guidelines

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

**Table 5-8. HUD Area Median Income Limit Guidelines, 2017<sup>16</sup>**

| 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      | <b>Extremely Low</b> | <b>30%</b>  | 14,250   | 16,250    | 20,420    | <b>24,600</b>  | 28,780    | 32,960    |
|                 |               | <b>Very Low</b>      | <b>50%</b>  | 23,700   | 27,050    | 30,450    | <b>33,800</b>  | 36,550    | 39,250    |
|                 |               | <b>Low</b>           | <b>80%</b>  | 37,900   | 43,300    | 48,700    | <b>54,100</b>  | 58,450    | 62,800    |
|                 |               | <b>Moderate</b>      | <b>95%</b>  | 44,950   | 51,400    | 57,800    | <b>64,220</b>  | 69,350    | 74,500    |
|                 |               | <b>Middle</b>        | <b>120%</b> | 56,800   | 64,900    | 73,000    | <b>81,120</b>  | 87,600    | 94,100    |
|                 |               | <b>Low Upper</b>     | <b>150%</b> | 71,000   | 81,100    | 91,250    | <b>101,400</b> | 109,500   | 117,600   |

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

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

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

### 5.5.2 Distribution of Households by Area Median Income

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

<sup>16</sup> 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.

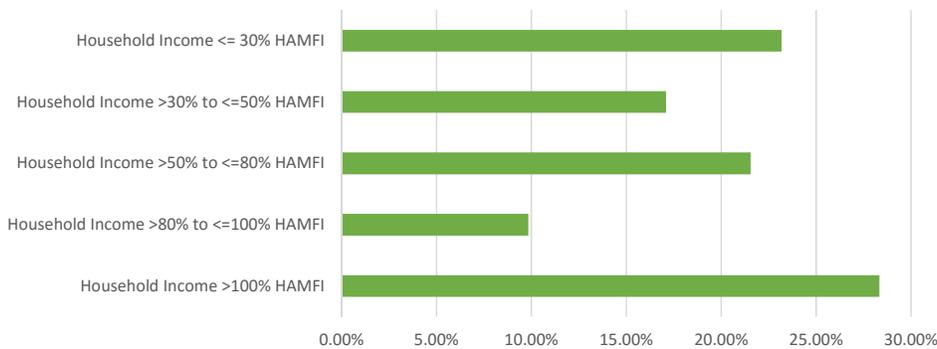
owners making between 50 to 80 percent of AMI and renters making above 100 percent AMI. Of the households in San Juan County, 40 percent have income that is considered either low, very low or extremely low according to HUD’s guidelines. For renter households, those making less than 30 percent of the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

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

|                                             | Owner        | Renter       | Total        |
|---------------------------------------------|--------------|--------------|--------------|
| Household Income <= 30% HAMFI <sup>17</sup> | 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        |
| <b>Total</b>                                | <b>5,475</b> | <b>2,135</b> | <b>7,610</b> |

Source: HUD Comprehensive Housing Affordability Strategy Data 2010-2014

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



Source: HUD Comprehensive Housing Affordability Strategy Data 2010-2014

### 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.”

<sup>17</sup> HAMFI- HUD Area Median Family Income

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

This indicates that housing in San Juan County is extremely unaffordable. In fact, housing in San Juan County is the least affordable in the State<sup>18</sup>. San Juan’s HAI has decreased by almost 23 percent just in the last year.

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

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

**Table 5-10. Median Resale Price and Housing Affordability Index (HAI), 1<sup>st</sup> Quarter 2017<sup>19</sup>**

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

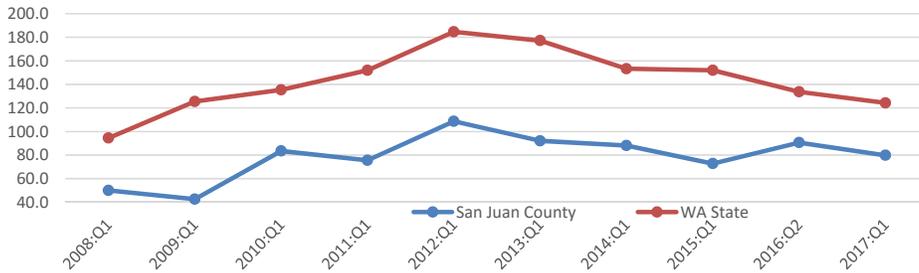
Source: Washington Center for Real Estate Research, Housing Market Snapshot State of Washington and Counties First Quarter 2017

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

**Figure 5-16. Housing Affordability Index, 2008-2017<sup>20</sup>**

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

<sup>19</sup> 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.



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

### 5.5.4 Housing Costs

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

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

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

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

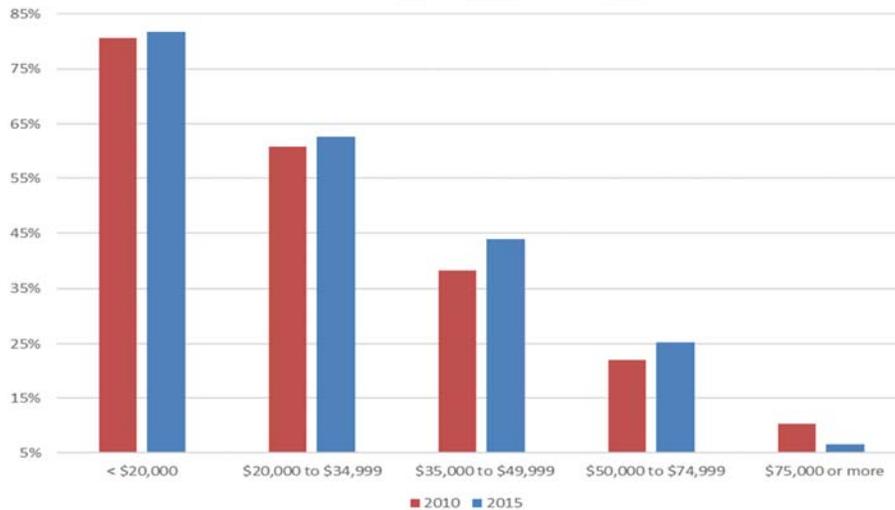
<sup>20</sup> Quarter 2 for 2016 was used rather than Quarter 1 as there was a statistical anomaly that quarter which showed a large jump not seen in Q4 of 2015 or Q2 of 2016.

| 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 |
|--------------------------------------|--------------------------------------|--------------|----------------------|----------------------|----------------------|------------------|
| <b>Owner-occupied housing units</b>  | <b>1.1%</b>                          | <b>12.5%</b> | <b>12.0%</b>         | <b>15.7%</b>         | <b>21.9%</b>         | <b>36.7%</b>     |
| 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%              |
| <b>Renter-occupied housing units</b> | <b>8.0%</b>                          | <b>22.3%</b> | <b>24.6%</b>         | <b>15.7%</b>         | <b>20.6%</b>         | <b>8.8%</b>      |
| 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 |
|--------------------------------------|--------------------------------------|--------------|----------------------|----------------------|----------------------|------------------|
| <b>Owner-occupied housing units</b>  | <b>0.8%</b>                          | <b>8.6%</b>  | <b>14.4%</b>         | <b>13.2%</b>         | <b>19.3%</b>         | <b>43.7%</b>     |
| 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%              |
| <b>Renter-occupied housing units</b> | <b>13.8%</b>                         | <b>23.6%</b> | <b>18.4%</b>         | <b>16%</b>           | <b>14.4%</b>         | <b>13.7%</b>     |
| 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%               |

Source: U.S. Census Bureau, 2006-2010 American Community Survey 5-Year Estimates  
Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

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



Source: U.S. Census Bureau, 2006-2010 American Community Survey 5-Year Estimates  
Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Figure 5-17 displays how the number of cost-burdened owner and renter households have changed between 2010 and 2015. Every population demographic of household income has seen an increase in the number of households with monthly housing expenses considered unaffordable except those making \$75,000 or more. The largest increases came from those

making between \$35,000 and \$74,999. This indicates that low income households have been struggling with housing costs for some time, and it is becoming much more common for middle and moderate income households to experience cost-burdened housing.

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

### 5.5.5 Homelessness

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

**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         |
| <b>Total</b>                                   | <b>65</b> | <b>134</b> | <b>104</b> | <b>154</b> |

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

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

The highest percentage of respondents during the 2017 count were those living in substandard structures<sup>21</sup>, suggesting that even those who may live in “affordable” housing can still be living in an unsafe or sub-par shelter. San Juan County Health & Community Services expects that the number of individuals in the County considered homeless will continue to rise as the County improves its PIT volunteer recruitment and methodology, leading to increased identification of those in the County living in substandard housing.

### 5.5.6 San Juan County Affordable Housing Programs

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

- **Senior & Disabled Rental Subsidy Program**

<sup>21</sup> Source: SJC Health & Community Service PIT Data Assembled June 2017

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

- **Emergency Rental Assistance Program**

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

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

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

- **Equity Loan Program for First Time Homebuyers**

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

### **5.5.7 Housing Groups and Nonprofits**

There are a number of different groups and nonprofits working in the County to provide affordable housing. The Lopez Community Land Trust, OPAL Community Land Trust, the San Juan Community Home Trust, and Homes for Islanders are all housing nonprofit groups in the County who combined have created approximately 306 housing units<sup>22</sup>, with 204 planned or in development. Additionally, the Opportunity Council is a private, nonprofit community action agency operating out of Bellingham that serves San Juan County in a variety of different ways including Tenant Based Rental Assistance and weatherization programs. The Family Resource Centers on each island play a pivotal role in connecting low-income County residents with housing and many other poverty alleviation programs.

### **5.5.8 Affordable Apartments**

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

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

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

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

## **5.6 Land Availability**

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

### **5.6.1 Housing Targets and Capacity**

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**Table 5-13. SAN JUAN COUNTY LOW-INCOME<sup>1</sup> 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 |    |
|----------------------|--------------------------------------------|------------------------------------|---------------------|------------------------------------|-----------------------------------|---------------------------------------|-------------------------------------|-----------------------------|------------------------------|----------------------|----------------------------------|---------------------------|----|
| <b>SAN JUAN</b>      | San Juan Community Home Trust <sup>2</sup> | Salal                              | 15                  |                                    |                                   |                                       | 15                                  |                             |                              |                      |                                  | 0                         |    |
|                      |                                            | Sun Rise                           | 14                  |                                    |                                   | 12                                    | 26                                  |                             |                              |                      | 94                               | 94                        |    |
|                      | Homes For Islanders <sup>3</sup>           | 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  |
|                      | Ad-West Property Mgt                       | Next Friday Harbor Dev.            |                     |                                    |                                   |                                       | 0                                   | 20                          |                              |                      |                                  |                           | 20 |
|                      |                                            | Friday Harbor Village <sup>4</sup> |                     |                                    |                                   |                                       |                                     |                             |                              |                      |                                  |                           |    |
|                      |                                            | Harborview <sup>5</sup>            |                     | 14                                 | 6                                 |                                       | 20                                  |                             |                              |                      |                                  |                           | 0  |
|                      |                                            | Island Meadows <sup>6</sup>        |                     |                                    |                                   |                                       |                                     |                             |                              |                      |                                  |                           |    |
|                      | Diamond Mgt                                | Islewood <sup>7</sup>              |                     | 9                                  | 9                                 |                                       | 18                                  |                             |                              |                      |                                  |                           | 0  |
|                      |                                            | Rosewood <sup>8</sup>              |                     |                                    |                                   | 18                                    | 18                                  |                             |                              |                      |                                  |                           | 0  |
|                      |                                            | Gerard Park <sup>9</sup>           |                     | 4                                  | 16                                |                                       | 20                                  |                             |                              |                      |                                  |                           | 0  |
|                      |                                            | Surina Meadows <sup>10</sup>       |                     | 2                                  | 18                                |                                       | 20                                  |                             |                              |                      |                                  |                           | 0  |
| <b>ORCAS</b>         | OPAL Comm. Land Trust <sup>2</sup>         | 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 <sup>3</sup>           | Woodland Estates                   | 8                   |                                    |                                   |                                       | 8                                   |                             |                              |                      |                                  |                           | 0  |
|                      |                                            | North Beach Gardens                | 6                   |                                    |                                   |                                       | 6                                   |                             |                              |                      |                                  |                           | 0  |
| Ad-West Property Mgt | Orcas Longhouse <sup>11</sup>              |                                    | 16                  |                                    |                                   | 16                                    |                                     |                             |                              |                      | 0                                |                           |    |
| <b>LOPEZ</b>         | Lopez Comm. Land Trust <sup>2</sup>        | 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 <sup>12</sup>        |                     | 8                                  | 10                                |                                       | 18                                  |                             |                              |                      |                                  | 0                         |    |
| <b>TOTAL</b>         |                                            |                                    | 254                 | 67                                 | 94                                | 21                                    | 436                                 | 32                          | 0                            | 30                   | 142                              | 204                       |    |

**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 |
|-----------------|-----------------|-------------------------------|---------------------|--------------|--------------|-------------|-----------------------------------|----------------------------------|---------------------------------------|-------------------------------------|
| <b>SAN JUAN</b> | The Oaks        | The Oaks                      |                     | 78           |              |             |                                   |                                  |                                       | <b>78</b>                           |
|                 | Harbor Ridge    | Harbor Ridge Mobile Home Park |                     |              | 63           | 12          |                                   |                                  |                                       | <b>75</b>                           |
| <b>TOTAL</b>    |                 |                               | 0                   | 78           | 63           | 12          | 0                                 | 0                                | 0                                     | <b>153</b>                          |

Table-13 NOTES:

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

80 percent of AMI - 2017:

|                    |          |
|--------------------|----------|
| 1-Person Household | \$37,900 |
| 2-Person Household | \$43,300 |
| 3-Person Household | \$48,700 |
| 4-Person Household | \$54,100 |
| 5-Person Household | \$58,450 |
| 6-Person Household | \$62,800 |

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

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

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.

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

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.

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

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.