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From: Michael Johnson <mdjishere@gmail.com>
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Subject: Memorandum on: Housing Element and HNA / Comments on the preliminary draft Housing Element (Element) and fourth draft Housing Needs Assessment (HNA)

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Memorandum on: Housing Element and HNA

Comments on the preliminary draft Housing Element (Element) and fourth draft Housing Needs Assessment (HNA)

From: Michael Johnson, as a private citizen. 202 Blanchard Rd. #1 Eastsound, Wa. 98245

Date: 14 January 2020

Ms. Sophia Cassam
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Comments on the preliminary draft Housing Element (Element) and fourth draft Housing Needs Assessment (HNA)

There is rising public interest in the recent increase in the growth of vacation rentals throughout our neighborhoods, and their negative cumulative impacts on our quality of life, (impacts far beyond just the growing industry's known impacts to the entire spectrum of the SJC local housing market). It's important to keep this in mind when considering your base-line data, and it also proves the need for using a conservative approach, a cautionary approach when analyzing data regarding current trends, and future growth projections. There are volumes of information regarding the current rising trend in the vacation rental industry across the world, the country, and across our region (1).

As you know there is not only a growing concern from the citizenry regarding the recent increase in the current growth trend related to short-term vacation rentals and their long-term related impacts upon our island community, but also in regards to the methodology by which the County is monitoring both the increasing growth in the numbers of vacation rentals, and their known impacts. As can be clearly seen the vacation rental industry is affecting SJC's housing market all across the spectrum-- from low-end to high-end, including the year-round housing market. The growing housing crisis in San Juan County today demands that we not allow vacation rentals to put ANY additional demands on either the long-term rental, or affordable housing markets.

Only by using the correct methodology, a correct base-line, and correct data points can such a complex issue be clearly defined and thusly recognized in the manner in which it applies to SJC today. It is within this context that I present my findings to you today. Thank you for allowing my input.

Topic: Rate of Growth of Vacation Rentals

Section B, Element 5

Page 11, Lines 13-14 The average rate of growth for vacation rental permits was approximately 51 per year over the last 20 years.

Appendix 5

Page 33, Lines 8-9 The average rate of growth for vacation rental permits was approximately fifty-one per year over the last twenty years.

Comment: The long-term average provided in the report significantly misrepresents today's reality. Since 2015 the rate at which permits have been granted has increased significantly (30%) over the historical average.

Proposed Alternative Language:

Section B, Element 5

Page 11, Lines 13-14 Although the historical average of the number of new vacation rental permits issued annually has averaged around 51 new permits per year for the past 20 years, the increased trend in the past 3 years has increased this average by over 30%.

Appendix 5

Page 33, Lines 8-9 Although the historical average of the number of new vacation rental permits issued annually has averaged around 51 new permits per year for the past 20 years, the trend in the past 3 years has increased this average by over 30%.

Topic: VRs as Total Percentage of Housing Stock

Section B, Element 5

Page 11, Lines 14-15 ...vacation rental permitted dwellings only made up seven percent of the total housing stock in 2015 (see Figure 5-15 in the HNA, Appendix A.5) ...

Appendix 5

Page 5, Line 38-39 The number of vacation rentals... made up 7 percent of the total housing stock in 2015.

Page 32, Line 30 through Page 33, Line 1

VR permitted dwellings only made up 7 percent of the total housing stock in 2015

Page 34, Line 6 Seven percent of County housing stock is composed of vacation rental (VR) units...

Page 37, Lines 17-18 The number of vacation rentals in the County has steadily increased since the year 2000, making up 7 percent of the total housing stock in 2015.

Comment 1: The 7% figure is incorrect in that it is based on 2015 data (meaning information that has been compiled up thru 2014). There have been approx. 60+ vacation rental permits issued yearly since then, (in the last 5-6 yrs.), for a total of 300+- permits that are not being calculated into this metric.

Comment 2: Using a metric that includes all the housing stock in the county creates a skewed version of reality. Clearly this baseline data-point should be refigured excluding the outer-islands, Shaw, Friday Harbor, and other areas which prohibit vacation rentals.

Proposed Alternative Language:

Section B, Element 5

Page 11, Lines 14-15 [Replace with language suggested in below section entitled “Future Trends”]

Appendix 5

Page 5, Line 38-39: VR permitted dwellings as percent of total housing stock varies significantly by island and by neighborhood. By island, the percentages are currently about 15% on Orcas, 10% on San Juan (including Friday Harbor), and 9% on Lopez. But even these “island wide” averages obscure the fact that VRs are often concentrated in certain areas or neighborhoods. For example, VRs already represent about 20% of the housing stock in the Deer Harbor Hamlet.

Page 32, Line 30 through Page 33, Line 1 VR permitted dwellings as a percentage of the total housing stock varies significantly by island and by neighborhood, with average densities on the three most impacted islands of Lopez, San Juan Island and Orcas ranging from 9 to 15% but reaching 20% or more in some neighborhoods.

Page 34, Line 6 Same as above.

Page 37, Lines 17-18 The number of vacation rentals in the County has steadily increased since the year 2000, and the rate of increase has risen substantially in the last few years (up 30% or more over the historical average).

Topic: VRs as Compared to New Dwelling Units

Appendix 5

Page 5, Lines 40-43 From 2005-2010, there were 5.5 new dwelling units created in the County for every vacation rental permit issued per year. From 2011-2016, there were only 2.18 new dwelling units per vacation rental permit. The decline in new construction appears to have more influence on housing supply and availability than vacation rentals.

Page 34, Lines 8-11 Vacation rental units have maintained a steady and modest growth over the past 10 years. At the same time, the number of new dwelling unit permits has seen a steady decline (Figure 5-18). 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 housing stock.

Page 34, Lines 20-22 The trend of declining housing building permits appears to be a greater issue than the trend of increasing vacation rentals.

Comment: The report contains no data on which to substantiate the claim that “the decline in new construction appears to have more influence on housing supply and availability than vacation rentals” or that “declining housing building permits appears to be a greater issue than the trend of increasing vacation rentals.” These statements are at best suppositions and as such are inappropriate for use in an assessment of housing needs.

Proposed Alternative Language.

Appendix 5

Page 5, Lines 40-43 Delete the sentence, “The decline in new construction appears to have more influence on housing supply and availability than vacation rentals.”

Page 34, Lines 8-11 Vacation rental units have maintained a steady and modest growth until recently, when the rate at which permits have been issued increased by 30% over the historical average. At the same time, the number of new dwelling unit permits has seen a steady decline (Figure 5-18). This means that VR units are becoming a larger and larger proportion of housing stock.

Page 34, Lines 20-22 Delete the sentence, “The trend of declining housing building permits appears to be a greater issue than the trend of increasing vacation rentals.”

Topic: Future Trends

Appendix 5

Page 5, Lines 45-47 Current trends predict 1,500-2,000 permitted vacation rentals in San Juan County by 2036. The vacation rental share of total housing can be expected to be between eight and eleven percent given permit trends.

Page 33, Lines 9-14 If that trend continues, by the year 2036 600 to 1,000 new vacation rental units might be added to the current stock of approximately 1,000 permitted vacation rentals. Given that trend, by the year 2036 between 1,500 and 2,000 homes could be vacation rentals. The County forecasts that there will be 18,059 homes here by 2036. If both forecasts hold true, between eight and eleven percent of the housing stock might be used for vacation rentals in the year 2036.

Page 37, Lines 22-24 By 2036 the County can expect between 1,500 and 2,000 permitted vacation rentals. The vacation rental share of total housing can be expected to be between eight and eleven percent by 2036 given permit trends.

Comment: While vacation rental units had maintained a steady and modest growth for more than a decade, in recent years the trend has been an increase of up to 30% or more higher over the historical average.

Proposed Alternative Language:

The average rate of growth for vacation rental permits has historically been 51 per year over the last 20 years). The County forecasts that there will be 18,059 homes here by 2036. The more recent trend, however, tells a different story seeing an increase of up to 30% or more higher than this historical average. If this increased rate stabilizes at the 30% historical average, then the number of vacation rentals will double in about 8 years time. If the rate of increase continues to rise at the rate of 30% per year, then the number of vacation rentals could double in less than 3 years time. If the current densities prevail, then by island, the percentages of vacation rentals to the housing stock would be 45% on Orcas, 30% on San Juan (including Friday Harbor), and 27% on Lopez.

Supporting statements from the HNA-- Vacant Home Growth

"An increase in the proportion of vacant housing units, particularly SRO units, in the housing stock will exacerbate the problem of availability." "Home vacancy and SRO use rates impact housing unit availability because such units are effectively removed from the pool of available housing stock."

"Coupled with an extremely low vacancy rate, even the loss of one rental housing unit can lead to an entire family relocating off island."

(1) Seattle Times (Katherine Kashinova Long) 7/13/19-- Belltown condo building is a hive of Airbnb guests

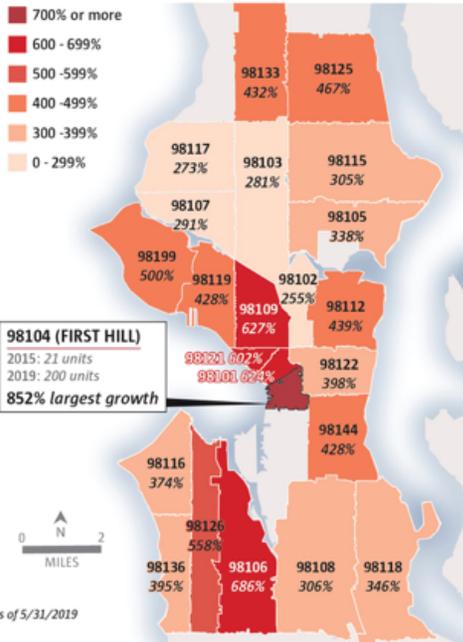
https://www.seattletimes.com/business/real-estate/this-belltown-condo-building-is-a-hive-of-airbnb-guests/?utm_source=marketingcloud&utm_medium=email&utm_campaign=Morning+Brief+7-15-19_7_15_2019&utm_term=

Increase in Airbnb listings, by Seattle ZIP codes

These Seattle ZIP codes have seen the largest increase in the number of Airbnb listings since 2015.

ZIP CODE	NEIGHBORHOOD	Number of active Airbnbs, 2015	Number of active Airbnbs, 2019
98122	Leschi	167	832
98103	Wallingford	191	727
98101	Pike Place Market	71	514
98102	Capitol Hill	132	468
98144	Leschi	82	433
98109	South Lake Union	59	429
98121	Belltown	56	393
98105	Bryant	85	372
98118	Holly Park	80	357
98115	Green Lake	80	324
98119	Queen Anne	61	322
98112	Stevens	59	318
98107	Ballard	77	301
98117	Ballard	80	298
98116	Alki	47	223
98104	First Hill	21	200
98106	Riverview	22	173
98125	Olympic Hills	30	170
98199	Magnolia	27	162
98108	North Beacon Hill	33	134
98126	Genesee	19	125
98133	Bitter Lake	22	117
98136	Fauntleroy	21	104

Growth in Airbnb rentals from 2015 to 2019



Source: Inside Airbnb. Data current as of 5/31/2019

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