

Sophia Cassam

From: Jennifer Barcelos <jennifer@sanjuans.org>
Sent: Tuesday, January 28, 2020 2:35 PM
To: Comp Plan Update
Subject: RE: Housing Element and HNA
Attachments: FINAL_HOUSING_Friends_of_the_San_Juans_comments_Housing_Element_and_HNA.pdf

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Attn: Sophia Cassam

Attn: Linda Kuller

Please find attached public comments from Friends of the San Juans re: the December 17, 2019 DRAFT of the Housing Element and HNA.

We are, of course, available to provide further information or clarification on any of the issues raised in this submission.

Sincerely,
Jennifer Barcelos

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January 28, 2020

Comprehensive Plan Public Comments:
December 17, 2019 draft of the
Housing Needs Assessment & Housing Element

Submitted by: Friends of the San Juans
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San Juan County Department of Community Development

Attn: Sophia Cassam, Planner I

Attn: Linda Kuller, AICP, Planning Manager

General Feedback on Housing Needs Assessment Data and Source Verification:

As stated in our April 25, 2019 comment letter, given the importance of the Housing Needs Assessment (HNA) in preparing the draft Housing Element, including goals and policies, we ask for confirmation that the conclusions reached by the HNA are based on publicly-available, verified data. In these comments, we have noted line item quotations for which we request that the public be provided with hyperlinks to verified original data sources.

Housing Element

Vacation Rentals

Page 11, line 13:

The 20-year average rate of growth for vacation rental permits is not an appropriate means for projecting the number of vacation rentals in 2036. The average of 51 per year over the last 20 years does not reflect the increase in permits per year in recent years. The average number of vacation rental permits per year for the last 5 years is 66.

Please amend this section of the Housing Element, as well as Figure 5-15 in the HNA, Appendix A.5, with the projected growth in Vacation Rentals defined by the average of the previous 5 years instead of the average of the past 20 years. This will better reflect community concerns about current and increasing VR impacts.

Goal 1. Meet the projected 2036 housing demand for permanent and seasonal homes.

Page 14, line 24:

4. Increase the availability of seasonal rentals for workers. Support development of specific standards for locating seasonal and year-round worker housing such as dorms, bunkhouses, hostels, group homes, home shares, and other communal living arrangements.

Has seasonal workforce housing been identified as the priority seasonal housing need? If so, a policy would be needed that identifies seasonal workforce housing as such.

Page 17, line 40:

Goal 9.

5.7.C VACATION RENTALS included as a placeholder to be completed after a public policy discussion.

It appears premature to provide public comment opportunities on an incomplete draft update to the Housing Element. Please provide details on the “public policy discussion.” What public comment or public engagement opportunities will be provided for the future Goal 9. Section 5.7.C VACATION RENTALS? After this public policy discussion, will the public have an opportunity to impact how the outcomes of the discussion factor into the Housing Element?

Goal 4. Reduce the costs of maintaining existing homes and constructing new housing units.

Page 15, line 37:

Policy 5. Adopt increases in SEPA categorical exemptions for residential and mixed-use development using the maximum SEPA categorical exemption levels in WAC 197-11-800 to save developers time and money.

Friends of the San Juans strongly opposes the proposed changes to San Juan County Code 18.80.050. The adoption of higher exemption levels up to a maximum of 20 single-family residential units and 25 multi-family residential units in unincorporated areas, and 30 single-family residential units and 60 multi-family residential units in unincorporated UGAs could significantly impact our islands’ environment and communities. Please clarify the need for this proposed increase in SEPA categorical exemptions for residential and mixed-use development.

No documentation has been provided regarding the current SEPA process being cost prohibitive or overly time consuming. The current SEPA process assures the public and neighboring property owners that a developer is considering all possible impacts of a project.

Given that the current exemption in San Juan County Code (18.80.050) allows for four detached single-family residential units, four multi-family residential units, as well as the construction of some agricultural structures up to 10,000 square feet, the County should provide evidence-based justification for allowing for such a dramatic increase in SEPA categorical exemptions.

Goal 7. Adopt regulations in the San Juan County Unified Development Code and Comprehensive Plan elements that facilitate access to affordable housing by increasing the number of available affordable units and widening the range of people who qualify for affordable housing.

Page 17, line 14:

Policy 4. Expand allowances for detached accessory dwelling units restricted for affordable housing or long-term rental. *Pending GMA risk analysis*

Please provide details on this GMA risk analysis, including all documents, the risk analysis timeline, and the public engagement process.

Friends of the San Juans questions SJC's capacity and ability to regulate the use of ADUs for affordable housing or long-term rentals, particularly if the properties would not be managed long-term by an affordable housing provider (not simply built by an affordable housing provider).

See HNA Page 55, line 13 (emphasis added):

A map exercise related to affordable housing was also included during the 2018 community workshops. Workshop participants indicated ideal locations for affordable housing on a map of the County. *The majority of responses were placed in UGAs and residential activity centers. This suggests that policies that encourage affordable housing development such as density bonuses and tax incentives should be directed to areas already designated to for more intense development.*

The results of these 2018 community workshops suggest that ADU expansions, if allowed, occur within UGAs and residential activity centers.

Housing Needs Analysis

5.3.2 Income and Economic Structure

Page 17, line 17:

Property Income represents payments in the form of dividends, interest and rent for the services of capital.

Page 18, line 1:

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. ... 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.

People are attracted to San Juan County as a retirement and vacation destination, in large part, because of its natural beauty and environmental amenities. People who buy property here for retirement or as a vacation home can afford to live where they don't have to work, and therefore have sufficient retirement and/or investment income to purchase property and live or vacation here.

Property purchased as a Vacation Rental investment changes the natural environment/amenities from a quality of life choice (why I move here/retire here/have a vacation home here) to a monetized asset.

We also question whether San Juan County's assertion that a high percentage of property income per capita is "consistent with SJC's booming real estate and vacation rental market." A majority of people living where they don't have to work could correlate with a high percentage of "property income." Would this income category be more accurately labeled as investment income?

5.4.1 Vacant Units

The 2036 projected vacant units should be recalculated to include the projected increase vacant housing and the increase in SRO vacant housing.

Page 24, line 5:

By 2010, vacant housing made up 42.8 percent of total housing, up 9.1 percentage points from the year 2000.

Of vacant housing in 2010, 4,748 housing units were characterized as seasonal, recreational, or occasional (SRO) use. In 2010, SRO uses made up 35.6 percent of the total housing stock, an increase of nearly seven percentage points from the year 2000. The 9.1 percent increase in vacant units from 2000 to 2010 may be partially attributable to the 2008 recession that affected the housing market. In the years between 2010 and 2015, the economy began to rebound. Vacancy rates in the 2010 census and the 2015 ACS data sets are similar and suggest that the rise in vacant units shown in the Census data between 2000 and 2010 may have been linked with the recession. The similar vacancy rate in the 2010 Census and the 2015 ACS data suggest that the early stages of economic recovery following the recession did not reduce housing vacancy rates and SRO uses.

Housing remained vacant despite the rebounding market. Units used for SRO made up 81 percent of vacant housing overall in the 2015 ACS data. The remaining 19 percent was vacant for more temporary reasons such as recent sale, currently for sale, or unoccupied rental.

The projected vacant housing rate for 2036 should be revised. The statement on the 2036 Housing Unit Forecast Using Employment Security Department Permit Data 1980-2016 (page 51, line 22) is based on incomplete data:

Page 29, line 12, Table 5-15

The population and housing projections suggest that roughly forty-seven percent of forecasted housing units will be vacant in the year 2036.

2036 Housing Unit Forecast Using Employment Security Department Permit Data 1980-2016 (**page 51, line 22**) uses the average number of building permits per year from 1980-2016 to forecast the total number of new housing units by 2036 and then adds the 2016 total housing units to define the total 2036 housing units. This table as well as **Table 5-17** 2036 Housing Unit Forecast and Occupancy and Vacancy Rates (**page 53, line 2**) needs to be updated to account for the fact that the average number of new dwelling units created in the County for every Vacation Rental permit issued per year is going down.

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. 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%.

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.

Page 34, line 17:

From 2005-2010, there were on average 5.5 new dwelling units created in the County for every VR permit issued per year. From 2011-2015, there were 2.18 new dwelling units per VR permit per year. Between 2016-2019 there were 1.4 new dwelling units per VR permit per year.

This is a very troubling statistic and we are grateful that this important data has been included in the HNA. We recommend that the Council consider a policy goal calling for an increase in the ratio of dwelling unit permits as compared with vacation rental permits. The increase in vacant housing as a share of the total housing stock projected for 2036 would not be "nearly 5 percentage points" (**page 9, line 4**) if the calculations include the current trend in vacation rental permits as compared with new dwelling units created.

In addition, the vacant unit calculation does not include the projected number of households that will not occupy a housing unit. There were 153 households that did not occupy a housing unit in 2016. **See page 8, line 19:**

According to the Washington State Office of Financial Management (OFM) there were 13,859 housing units in the County in 2016. With 13,859 total housing units and a population of 16,314, there was one housing unit in the County for every 1.17 residents

in 2016. With 7,997 households, and 7,844 occupied housing units, there were 153 households that did not occupy a housing unit.

Page 29, line 34:

Table 5-8. Housing Inventory by Island, 2010: This table shows that the 2010 vacancy rate in Friday Harbor was 4.53% as compared with Lopez at 32.65%, Orcas at 32.53% and unincorporated San Juan Island at 30.30%. The HNA should highlight the fact that this difference in the percentage of vacant units in Friday Harbor as compared to the rest of SJC is due to Friday Harbor's zoning regulations. The Town of Friday Harbor prohibits vacation rentals in residential zones and only allows vacation rentals in commercial zones. (See Friday Harbor Municipal Code Chapter 17.20 SINGLE-FAMILY RESIDENTIAL ZONE [17.20.020](#) Permitted uses and Chapter 17.24 MULTIFAMILY RESIDENTIAL ZONE [17.24.020](#) Permitted uses.)

5.4.4 Vacation Rentals

Page 35, line 13:

A public concern is that housing units that could otherwise house San Juan County residents are being converted to vacation rentals, depleting affordable year-round housing options. While some lower priced properties are permitted as vacation rentals, other market factors may have a greater effect on the shortage of affordable housing. ... Most parcels with vacation rental permits are valued above the affordable home price.

Page 7, line 31:

HUD defines cost-burdened households as families paying over 30 percent of their monthly income for housing.

"Affordable housing" is a relative term. The HNA should be consistent in the use of the term "affordable housing" by specifying a household income category. "Affordable" year-round rental costs are not determined entirely by a property's assessed value. Other market factors affect year-round rental costs, including market demand and what cost the market will bear. However, a property that is purchased as a vacation rental can both increase the cost/amount paid for the property and also dictate rental income expectations. The HNA statement "Most parcels with vacation rental permits are valued above the affordable home price" should be based on data for year-round rental costs as compared with assessed values. This data should be included in the HNA.