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Subject: Recreational Home factor made easy
Date: Tuesday, February 18, 2020 3:58:23 PM
Attachments: [Attachment D.pdf](#)
[EASTSOUND_REC_USE_FACTOR023.pdf](#)
[REC_USE_FACTOR.pdf](#)

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Dear EPRC, The Recreational Home Factor, at least one version, is easily calculated from data on page 53 of the latest, 12/17/19, Draft of the HOUSING NEEDS ASSESSMENT from 2016 to 2036.

See attached.

Briefly, the tables show a countywide growth of $18,059 - 13,859 = 4,200$ housing units for a family growth of $(19,423 - 16,314)/2.04 = 1,524$ families or $4,200$ units/ $1,524$ families = 2.75 homes/ family of growth. In other words, a recreational home factor of 1.75, not .35, is in order.

Further confirmation off this specifically for Eastsound can be found on pg. 7 of the May 30, 2017 Population Projection, Table 3 Summary of New Residents and Residences for Orcas Island and Eastsound. also attached. Here, the data for 2010-2016 indicates a ratio of 3.75 new houses, almost four units per household, for a factor of 2.75.

Of course, this leads to difficulty when applied to the Scenarios A, B & C resulting in negative capacity when there clearly is some capacity. See Scenario DD and attachment D for the resolution of that.

.....JMC
360-376-2035

ATTACHMENT D

Adjustments note:

In 2007, There was a basic demand for an additional 449 units over the coming 20 years and a vacant land inventory, with various densities sufficient for 747 units. Consider the outcomes of various methods of calculation:

ADDITIVE to demand: This method was used in 2007 to defend against a Petition. To the 449 unit supply was added adjustments for recreational use of 25% and liquidity 25% totaling 673 units ($449+112+112=673$) adjusted demand. This was less than 747 units available, a surplus of 74 units.

SUBTRACTIVE to supply: This is the method used by Adam for the 9-9-19 Report and spreadsheets. From the 747 unit supply, subtract 25% for recreational use 187, and another 187 for liquidity leaving ($747-187-187=373$) units of supply for a demand of 449, a 76 unit shortfall, a significantly different result.

It is worth noting that had the recreational adjustment been more nearly 100% as the Housing Needs Analysis indicates (Table 5.7, pg. 24) supply would have been a negative number itself, clearly nonsense.

MULTIPLICATION to demand: Multiply the basic demand by both factors: ($449 \times 1.25 \times 1.25$) = 701 unit demand falls within the 747 supply.

The point here is that there can be very different outcomes depending on the "methodology" used. Only multiplication applies all the factors to all the other factors, i.e. applies liquidity to the recreational and public use factor requirements.

source: John Campbell

Seven years is a small sample and any conclusions should be treated with caution. Typically, changes in employment options are linked with changes in population and corresponding expansions or contractions in the numbers and types of residential developments. As Table 2 clearly demonstrates, in San Juan County, residential development and population growth are not synonymous.

The permit data for Orcas Island reveals that the number of new residences exceeds the number of new residents. OFM data indicates that between 2010 and 2016 the population of Orcas Island outside the subarea increased by approximately 146 people and the permit data shows that, during the same time period, 220 single family residences were permitted. This is approximately 1.5 housing units per new resident or, based on the average household size of 2.05, seventy-two new households and 148 vacant units. Conversely, if each of the newly permitted residences were occupied by an average household, 220 single family residential units would indicate a population increase of 449 new Island residents.

Table 3. Summary of New Residents and Residences for Orcas Island and Eastsound UGA.

	New Residents 2010-2016	New SFRs 2010- 2016 (not including mixed use and multi units)	Rate of SFRs per new resident	SFR's per average household (2.05)
Orcas Island (outside UGA)	175-29 = 146	220	1.5	3.09 SFR's per household
Eastsound UGA	29	52	1.79	3.71 SFR's per household

Source: County permit and OFM population data.

The discrepancy between the number of new residents and new residences is more intense in Eastsound UGA than the rest of the island. Between 2010 and 2016, the population of the UGA increased by twenty nine residents. Over the same period, fifty-two residential permits were issued in the UGA. This is 1.79 residential units per new resident or almost four residential units per new household. If each of the new residential units housed an average household, then the population increase would be approximately seventy-five residents rather than twenty-nine.

Residential development on Orcas Island occurred outside of the Eastsound UGA at a ratio of 4:1, a clear indication of people's preference for non-UGA locations. The projected population increase for the entire island, based on maintaining a 0.23 percent share of the State's population, between 2016 and 2036 is 1,038.

According to the Census, the County has an overall vacancy rate of 42.8 percent (this includes all the different categories of vacancy). Unfortunately, data is not available to determine whether the vacancy rate in the Eastsound UGA is substantially different from other areas on

1
2 **Table 5-17. 2036 Housing Unit Forecast and Occupancy and Vacancy Rates.**

2016 Housing Units	2036 Forecasted Housing Units	2036 Projected Population	2036 Households (2.04 people per household)	2036 Occupancy Rate	2036 Vacancy Rate
From OFM Data	Table 5-15	From Comp. Plan Appendix 1	From Comp. Plan Appendix 1	2036 Households / 2036 Forecasted Housing Units	100% - 2036 Occupancy Rate
13,859	18,059 <i>Δ 4200 UNITS</i>	19,423	(19,423 / 2.04) = 9,521	(9,251 / 18,059) = 52.7%	(100% - 52.7%) = 47.3%

3 Source: WA State ESD housing permit data and San Juan County Comprehensive Plan Appendix 1.

4
5 It is expected that 9,521 housing units will be needed to meet the projected population and number
6 of households in 2036.

7
8 *GROWTH = $\frac{4200 \text{ UNITS}}{1524 \text{ FAMILIES}} = 2.75 \text{ UNITS/FAMILY}$*

9 **5.7 Seasonal Population**

10 An estimate of the peak-season population (residents plus visitors) is included with the population
11 forecast in Appendix 1 of the Comprehensive Plan. The visitor population estimates in Table 5-18
12 include both tourists and part-time residents that would not be counted in other demographic
13 measurement methods like the U.S. Census. The estimated daily populations in Table 5-18 are an
14 estimate of how many people may be in the County on a given day during the peak season. These
15 estimates were derived from analysis of ferry ridership numbers, visitor accommodation capacity,
16 and the County's 2018 San Juan Islands Visitor's Study.

17
18 **Table 5-18. Peak Daily Population, Actual and Expected.**

2016 Resident Population	2016 Est. Daily Visitor Population	2016 Estimated Peak Daily Population	2036 forecasted Resident Population	2036 Estimated Peak Daily Population (low)	2036 Estimated Daily Visitor Population (low)	2036 Estimated Peak Daily Population (high)	2036 Estimated Daily Visitor Population (high)
16,314	8,496	24,810	19,423	27,810	8,387	29,810	10,387

19 Source: Comprehensive Plan Appendix 1, Population Forecast

20 *$\Delta = 19,423 - 16,314 = 3109 \div 2.04 = 1524 \text{ FAMILIES}$*

21 The peak population influences the supply and demand for housing in the County. Visitors to the
22 County create demand for visitor accommodations. Increased demand for visitor accommodation
23 drives the market to respond in two ways. The market responds with higher prices for the quantity
24 of visitor accommodations supplied. Increased demand and the accompanying higher prices will
25 also incentivize an increase in the supply of visitor accommodations. The increase in supply of visitor
26 accommodations has largely been answered through an increase in the number of short-term rental
27 of residences (vacation rental) because other types of accommodations (hotels, campgrounds,