



# SAN JUAN COUNTY DEPARTMENT OF COMMUNITY DEVELOPMENT

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## MEMO

**REPORT DATE:** August 7, 2020

**TO:** San Juan County Planning Commission

**CC:** Erika Shook, AICP, DCD Director

**FROM:** Adam Zack, Planner III   
Sophia Cassam, Planner I 

**SUBJECT:** 2036 Comprehensive Plan Update  
Section B, Element 2, Land Use and Rural  
Section B, Element 5, Housing  
Accessory Dwelling Units

**BRIEFING:** August 21, 2020

**ATTACHMENT:** A. Resolution 13-2017 Adopting the San Juan County Affordable Housing  
Workgroup Strategic Action Plan  
B. Docket Request 19-0001

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### Purpose

To discuss and get feedback on Accessory Dwelling Unit (ADU) policy and regulations.

### Feedback Requested

Please provide a recommendation on the following ADU related policy and regulatory topics:

- Allowing additional ADUs, provided they are permanently restricted for affordable housing, and
- Allowing the separate sale of ADU and primary residence, provided the underlying land remains in the same ownership. This was requested by OPAL during the 2019 Annual Docket (request 19-0001).

### Public Comments

Please send all public comments to [compplancomments@sanjuanco.com](mailto:compplancomments@sanjuanco.com). Do not copy the County Council, Planning Commission members, or County Staff. Written public comments received by August 20, will be provided to the Planning Commission. Comments should refer to the issue and option related to the comment. Please focus public comments on the issues and options contemplated in this report.

## Background

Accessory Dwelling Units (ADUs) are defined in San Juan County Code (SJCC) 18.20.010 “A” Definitions as:

““Accessory dwelling unit (ADU)” means a living area that is accessory to the principal residence, located on the same lot, and that provides for sleeping quarters, kitchen, and sanitation facilities. An ADU may be internal, attached or detached.”

ADUs can be controversial in rural and natural resource lands because some people believe that ADUs inappropriately increase the overall residential density. On the other hand, ADUs are typically smaller residential units that may provide affordable rental homes, housing for on-site caregivers, and generally allow flexible living arrangements. These tradeoffs make regulating ADUs challenging, particularly in a rural county like San Juan County.

## Growth Management Act Requirements

The Growth Management Act (GMA) does not have specific requirements for ADUs. The GMA does, however, have planning goals that highlight the challenging nature of regulating this residential use that may contribute to rural density and at the same time provide flexible housing options. The list of GMA planning goals is not listed in a prioritized order, the goals are coequal. The GMA planning goals in RCW 36.70A.020 articulate these objectives as follows:

“(2) Reduce sprawl. Reduce the inappropriate conversion of undeveloped land into sprawling, low-density development.

(4) Housing. Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.”

Further complicating this issue, the GMA does not have a definition of what constitutes sprawling, low-density development. To avoid a top-down planning approach, the State Legislature left counties and cities planning under GMA to determine what sprawling, low-density development means for their jurisdiction. Ultimately, this has left the public, local governments, the Growth Management Hearings Board (GMHB), and courts to wrestle with the concept of sprawl since the GMA was adopted. The question of what constitutes sprawling, low-density development is one of the most litigated aspects of the GMA.

The County has encountered the debate about density, sprawl, and ADUs in the past. The County’s previous ADU regulations were successfully appealed to the GMHB in cases 03-2-0002 and 06-2-0024c partially on the basis that they did not meet the GMA goal of reducing sprawl. The GMHB issued a final decision and order remanding the ADU regulations to the County and requiring that the issue of sprawl be addressed. In response to the GMHB final decision and order, the County adopted Ordinance 12-2007, which established the current ADU regulations in SJCC 18.40.240 Accessory dwelling units. These regulations limit the number of ADUs that may be constructed in any given year to twelve percent of the single-family residential units constructed outside urban growth areas (UGAs) and activity centers in the preceding year. They also established specific performance standards for ADUs such as requiring they share utilities and driveway with the principal residence.

One of the outcomes of Ordinance 12-2007 is the lottery system for assigning the limited ADUs allowed each year. The lottery process was established by Resolution 59-2009. Applicants that are awarded eligibility

during the lottery have 150 days to apply for a building permit. Applicants that are not awarded eligibility during the lottery are placed on a waitlist. If lottery winners miss the building permit deadline, the next person on the waitlist is awarded eligibility and has 150 days to turn in a building permit. Every year there typically between two and five applicants interested in constructing ADUs that are unable due to the limited number allowed.

The issue of ADUs and affordable housing has been raised during public outreach because the number of ADUs allowed in the County is limited and they are typically smaller dwelling units that might have lower rents. Allowing more ADUs to provide additional affordable homes is seen by some in the community as an option for increasing affordable rental homes and growing diversity in the housing stock. Though some members of the public may support allowing more ADUs, the specters of sprawl and inappropriate rural density loom large for others.

There is not a policy in Element B.2 Land Use and Rural of the Comprehensive Plan (*Plan*) that specifically addresses ADUs either in the general policies or in the land use designation-specific policies. The County is not required by GMA to adopt an ADU policy in Element B.2 Land Use and Rural. An ADU-specific policy could provide additional direction for future code amendments.

The 2009 Housing element includes some discussion of ADUs as an existing source of housing for some very low- to middle-income households. However, it points out that many ADU owners choose to pursue the vacation rental market rather than renting to long-term residents. The Housing Element does not include ADU-specific policies; though, it identifies the goal of providing the geographic and regulatory opportunities needed for the construction of affordable units. It also includes policies supporting increased density allowances specifically for affordable housing.

The regulations for ADUs are established in SJCC 18.40.240 Accessory dwelling units (ADUs). Some of the key ADU regulations are:

- ADUs count as a separate dwelling unit for density purposes outside of UGAs and activity centers, except when allowed pursuant to an ADU permit (SJCC 18.40.240(A));
- ADUs cannot exceed 1,000 square feet of living area (SJCC 18.40.240(F)(1));
- ADUs must be owned by the same owner as and share a driveway and utilities with the principal residence (SJCC 18.40.240(F));
- The number of ADUs allowed outside of UGAs and activity centers is limited to no more than twelve percent of the total number of building permits for new single-family residences issued for the previous year outside of UGAs and activity centers (SJCC 18.40.240(G)(1)(b));
- The ADU cannot be more than 100 feet from the principal residence (SJCC 18.40.240(G)(2)); and
- A detached ADU is not permitted on parcels less than:
  - Five acres in any rural designation;
  - Ten acres in agricultural resource land; and
  - Twenty acres in forest resource land (SJCC 18.40.240(G)(4)).

The County can consider amending the ADU regulations during the *Plan* update, but any changes to these standards could result in an appeal to the GMHB over density concerns.

## Issue 1: Should ADUs be allowed to be exempt from the lottery provided they are permanently restricted for affordable housing?

One of the major issues facing the County right now is the lack of affordable housing. There is a shortage of homes for sale and long-term rentals that are affordable for most working people in the County. ADUs are an option for increasing the supply of affordable rental housing because they are typically smaller than primary residences and are sometimes developed specifically for rental housing. During public outreach, ADUs are consistently mentioned as a desirable part of the solution to the affordable housing problem in the County.

San Juan County adopted the Affordable Housing Workgroup Strategic Action Plan with Resolution 13-2017 (Attachment A). The affordable housing workgroup included leaders in business, housing non-profits, the building community, school districts, Town of Friday Harbor, community action groups, and County staff. The workgroup identified three strategies and seventeen actions to help address the affordable housing shortage in the County. One action identified ADUs as an option increasing the affordable housing stock. The Affordable Housing Workgroup Strategic Action Plan Strategy 2, Action B states:

“Consider incentives for construction of accessory dwelling units (ADUs) for year-round rentals with third party monitoring (e.g., density bonuses, change land use designations to allow on smaller lots; change land use to allow to be built further from main house, on a separate septic system, etc.)”

The problem is that simply allowing more ADUs will not satisfy the GMA mandate to reduce sprawl discussed above, as the County found out in the appeal of the previous ADU regulations. The question then is, “How can the County allow more ADUs for affordable housing without allowing unacceptable levels of rural density?”

One possible answer is to allow more ADUs provided they are required to be affordable housing. In exchange for the right to construct an ADU, the property owner would be required to rent the unit below market rate if she were to decide to rent the unit. This essentially trades additional development rights for a public benefit.

The idea is to strike a balance between GMA Planning Goal 2 to reduce sprawl and Planning Goal 4 to allow diverse and affordable housing types. There are two factors that are likely to help with this balance and prevent excessive development of ADUs with an affordable housing requirement. First, the ADU regulations will continue to include rural minimum lot sizes in SJCC 18.40.240(G)(4). The required minimum lot size is five acres in any rural designation, ten acres in agricultural resource land, twenty acres in forest resource land, and no minimum in UGAs and activity centers. Essentially this affordable ADU allowance combined with the minimum lot size will allow up to one dwelling unit per two and-a-half acres in rural areas, one dwelling per five acres in agricultural resource land, and one unit per ten acres in forest resource land provided the ADU is an affordable housing unit.

The second factor that is likely to prevent widespread proliferation of new ADUs with the affordability requirement is the affordability requirement itself. Many property owners and developers are hesitant to build structures or establish uses that restrict the property in a way that requires a notice-to-title. Furthermore, affordable housing development is often met with not-in-my-backyard resistance and, in the case of ADUs, the development will literally be in someone’s backyard. The affordable ADU density bonus requires a trade that many property owners are unlikely to want to make.

The requirements for affordable housing are established in SJCC 18.60.260. The standards define two types of affordable housing, long-term and permanent, in SJCC 18.60.260(D) and (E), which state:

D. Long-Term Affordability. In order to qualify as affordable housing, housing must provide assurance of affordability to applicable income groups for at least 50 years for ownership housing and 20 years for rental housing by one or more of the following methods:

1. Ownership of land or land and structures by a public agency or nonprofit housing provider;
2. Granting of a restrictive use easement in a form specified by the County for the portions of the site encompassing the affordable units to San Juan County for the purpose of affordable housing development;
3. In the case of rental housing only, the units are subject to a contract with a housing provider which assures their affordability for a minimum of 20 years; or
4. Housing which because of its size, location, amenities, restrictions on development or use, or other characteristics, has been specifically determined by resolution of the board of County commissioners to be affordable.

E. Permanently Affordable Housing. In order to qualify as permanently affordable housing, housing must provide assurance of affordability to applicable income groups for at least 99 years by one or more of the following methods:

1. Ownership of land or land and structures by a public agency or nonprofit housing provider with assurance of affordability for at least 99 years;
2. Granting of a restrictive use easement in a form specified by the County for the portions of the site encompassing the affordable units to San Juan County for the purpose of affordable housing development;
3. Housing which because of its size, location, amenities, restrictions on development or use, or other characteristics, has been specifically determined by resolution of the board of County commissioners to be permanently affordable.

Allowing ADUs as affordable housing is both a land use and a housing issue. Draft Element B.5 Housing proposes two policies that would support allowing ADUs for affordable housing.

**Proposed housing goal 1, policy 2:** Support the development of housing stock that meets the needs of those in the low, moderate, middle and upper-middle income brackets.

**Proposed housing goal 6, policy 3:** Promote the design, construction, and maintenance of quality affordable rental units to serve long-term residents of various family sizes and income levels.

If the County decides to allow more ADUs subject to affordability requirements, it can stipulate whether it be long-term or permanently affordable. The County does not have to specify long-term or permanent affordability, leaving it up to the property owner to decide. It is likely that most property owners would prefer long-term affordability over permanent affordability because this is a lesser commitment. Long-term

affordability restricts the sale price for fifty years and the rent for twenty years. On the other hand, the permanent affordable housing restrictions would provide a greater public benefit because the affordability requirements will be in place through the life of the structure. Permanent affordability places price restrictions on the sale and rental of the housing unit for at least ninety-nine years.

**Option 1A: Adopt a policy in Element B.2 Land Use and Rural and amend SJCC 18.40.240 Accessory dwelling units (ADUs) to allow detached ADUs not be subject to the lottery provided they provide permanently affordable housing.**

Option A would establish new ADU policies in Element B.2 Land Use and Rural, as well as affordable housing policies in the Housing Element. These policies would clarify the intent behind the ADU regulations and provide a policy directive for development code changes. A preliminary draft of these policies is provided below.

**Land Use Policy:** Encourage accessory dwelling units (ADUs) that provide permanently affordable housing.

**Rural Goal:** Allow a variety of rural housing options that foster rural lifestyles and provide the opportunity to live and work in rural areas.

**Rural Policy:** Allow the construction of new permanently affordable ADUs in rural areas.

In addition to adopting new policies, Option A would require a change to the ADU regulations in SJCC 18.40.240(G)(1). A preliminary draft of the changes to SJCC 18.40.240(G)(1) is provided below:

G. The following standards apply to all detached accessory dwelling units:

1. ADU Permit. Every new detached accessory dwelling unit and every conversion of an existing structure to a detached accessory dwelling unit that does not meet the density requirement of the parcel on which it will be located shall require an "ADU permit." No more than one ADU permit shall be issued to a property owner in any calendar year. The fee for an ADU permit shall be the same as that for stormwater review. Prior to issuing any ADU permit, the applicant must submit for approval a site plan showing that the accessory dwelling unit and principal residence will meet the requirements of this section.

a. Within land use districts located inside of the boundaries of activity centers and urban growth areas, there is no restriction on the number of permits for detached accessory dwelling units.

b. Outside of the boundaries of activity centers and urban growth areas, the number of detached ADU permits in any calendar year shall not exceed 12 percent of the total number of building permits for new principal residences issued for the previous calendar year outside the boundaries of activity centers and urban growth areas. Two of that 12 percent (10 percent new, two percent conversions) of the permits released in any one year shall be restricted for the conversion of existing accessory structures that have legally existed for no less than five years. ADU permits shall be issued by lottery procedures established by the administrator and approved by the County council. No unassigned ADU permits shall carry forward to the next year.

c. Detached ADUs that meet the permanently affordable housing requirements in SJCC 18.60.260(1)-(3) Affordable housing are not subject to 18.40.240(G)(1)(b).

The benefits of allowing more ADUs if they are required to be affordable housing include:

- Property owners have more options for developing affordable housing;
- More affordable rental units could be provided in rural areas, outside of UGAs and Activity Centers;
- Allows affordable housing that would not necessitate more intense and expensive development such as multifamily housing; and
- Increases equity by enabling people from more diverse income brackets to afford to live in rural areas.

The drawbacks of allowing more ADUs if they are required to be affordable housing include:

- Increased demand for rural infrastructure, including roads, resulting from additional households in rural areas;
- Higher achieved density on lots developed with both a single-family residence and an ADU;
- In rural areas, lower-income households may have trouble accessing services that are only available in UGAs, i.e. daycares and food banks; and
- There is no guarantee that the property owner will rent out the ADU. The only guarantee is that if they decide to rent the unit out, it must be affordably priced.

### **Option 1B: No Change.**

The County is not required to amend the ADU regulations during the *Plan* update. If the County decides that the drawbacks of adopting changes outweigh the benefits, no change is necessary. Maintaining the status quo for ADU regulations will not risk an appeal of the ADU regulations and keeps the current limits on the number of ADUs in place. The most significant drawback to Option B is that it would not create additional alternatives for developing affordable housing the rural areas. The most significant benefit of Option B is that it would not increase the intensity of the built environment in rural areas.

### **Staff Recommendation**

Staff recommends Option 1B, no change be made to the ADU regulations. The regulations were developed through years of litigation and any changes that are made will likely result in appeal and additional costly litigation.

## **Issue 2: Should separate sale of ADU and primary residence be allowed, provided the underlying land remains in the same ownership (Docket Request 19-0001).**

One change to the ADU code was proposed during the 2019 Annual Docket process in request 19-0001 submitted by OPAL Community Land Trust. They proposed amending SJCC 18.40.240(F) to allow separate ownership of an ADU and primary residence provided the owner of the underlying land remains the same. The community land trust model sells improvements (dwelling units) to individuals while the trust remains the owner of the underlying land. This model reduces the cost of home ownership by removing the cost of land from the housing unit purchase price. OPAL's proposal would allow them to develop a parcel with both a primary residence and ADU and sell each individually while the community land trust maintains ownership of the underlying land. During the 2019 Docket process, the County Council decided to address this request during the *Plan* update.

### **Option 2A: Amend SJCC 18.40.240 Accessory dwelling units (ADUs) as proposed in Docket Request 19-0001.**

Annual docket request 19-0001 proposes the following changes to SJCC 18.40.240(F)(4).

F. The following standards apply to all accessory dwelling units: [...]

4. Ownership. An accessory dwelling unit must be owned by the owner of the principal residence, or the owner of the land if the owner is providing perpetual affordable housing as defined in SJCC 2.27.

Perpetual affordability is defined in SJCC 2.27.030 Definitions as:

“Perpetual affordability” means housing that through legal restriction is pledged to remain affordable for each purchaser for a minimum of 99 years for households earning an annual income equal to or less than 115 percent of the San Juan County median income. Legal restrictions to enforce perpetual affordability include:

1. Continuous ownership of the land and structure by a public agency or nonprofit housing provider;
2. Continuous ownership of land by a public agency or nonprofit housing provider with a renewable land lease allowing ownership of the structure by an eligible household;
3. A deed restriction, restrictive covenant, resale or rental restriction or other contractual agreement that assures affordability as defined above.

The proposal in Docket Request 19-0001 would not increase the amount of ADUs allowed to be constructed each year. Instead, it would change the nature of the ADU to, in effect, become a primary residence that is near another residence. The fundamental concept that differentiates ADU from other dwellings is that they are a second dwelling associated with and connected to a principal residence. Without the ownership restriction, an ADU will lose the accessory aspect that defines the use.

Some of the benefits of amending the ADU code as requested are:

- Allows more flexibility for public agencies and nonprofit affordable housing developers to build and sell ADUs, and
- Increase in the number of affordable units for sale.

Some of the drawbacks of amending the ADU code as requested are:

- The ADUs constructed and sold through this provision would not really be accessory to the principal residence because they would be owned by separate entities. Removing the ownership restriction is essentially just allowing a second, albeit smaller, home to be constructed;
- The ADUs will still be required to share a driveway and utilities and be located within 100 feet of the principal residence but will be separately owned. The allowed ADUs would be accessory but separate dwelling units, which would require very specific deed restrictions and easements to clarify which owners are responsible for different aspects of the property. For example, the responsibility for the septic system would be shared by both property owners but need to be clarified as part of the purchase agreement. This might be overly complex for many private property owners; and
- If combined with Issue 1, Option A, the proposed amendments would allow private landowners to sell the additional affordable ADUs. This would effectively double the allowed density for affordable housing on any parcel.

## **Option 2B: Do not amend SJCC 18.40.240 as proposed in Docket Request 19-0001.**

Changing the ownership requirements to allow the separate sale of an ADU and principal residence would make ADUs essentially just a second dwelling unit. This would fundamentally change the ADU from an accessory dwelling unit. Such a change can be addressed with other policies such as an affordable housing density bonus. This could allow additional residences beyond the base density, provided they are restricted to be affordable. This is a larger policy shift that can be explored during the *Plan* update, but not considered in this memo.

## **Staff Recommendation**

Staff recommends Option 2B, do not make the proposed changes to the ADU code during the *Plan* update. The regulations were developed through years of litigation and any changes that are made will likely result in appeal and additional costly litigation.

In addition, allowing the separate sale and ownership of ADUs would fundamentally change the use of the structure from an accessory dwelling to a principal residence. The objective of Docket Request 19-0001 is to allow the construction of a second residence on a property that can be sold independently of the primary residence provided it is perpetually affordable. This objective might be better pursued through other policy options such as a rural affordable housing density bonus.

**SJCC 18.40.240 Accessory Dwelling units:** The full text of SJCC 18.40.240 with the possible changes from Issues 1 and 2 in ~~strikeout~~/underline is shown for reference below.

**18.40.240 Accessory dwelling units (ADUs).**

The following standards apply to all accessory dwelling units:

A. Accessory Dwelling Unit. Where not otherwise prohibited by this code, only one attached or detached accessory dwelling unit is permitted on any lot for which this code allows a principal residence as the principal use of the lot; provided, that all of the requirements of this section are met, except where the applicable density for that lot allows for additional residences. Each detached accessory dwelling unit shall be counted as a separate dwelling unit for density calculations, except when allowed pursuant to an ADU permit.

B. A detached ADU is permitted in the Eastsound urban growth area, the Lopez Village urban growth area and in all activity center land use districts, except island center district, on any lot that allows a principal residence as the principal use of the lot. Each ADU in these areas shall not be counted in density calculations.

C. Subject to the provisions of this section, a detached ADU is permitted in the following land use districts: RFF, RR, RGU, AG, and FOR.

D. An accessory dwelling unit is prohibited in the rural industrial, rural commercial, natural, and conservancy land use districts.

E. An accessory dwelling unit is prohibited on parcels in the island center district per Table 18.30.030, footnote 13.

F. The following standards apply to all accessory dwelling units:

1. Size. An accessory dwelling unit permitted subsequent to the adoption of this section shall not exceed 1,000 square feet in living area as defined in SJCC 18.20.120.

2. Parking. At least one additional off-street parking space shall be provided for the accessory dwelling unit in addition to the parking required for the principal residence.

3. Driveway and Utilities. An accessory dwelling unit shall use the same driveway, septage/sewer system, and water system as the principal residence.

4. Ownership. An accessory dwelling unit must be owned by the owner of the principal residence, or the owner of the land if the owner is providing perpetual affordable housing as defined in SJCC 2.27. [Issue 2, not recommended]

5. Permits. Every new accessory dwelling unit will require a building permit. Every conversion of an existing structure to an accessory dwelling unit must meet all the requirements of this section and will require a building permit. Any additions to an existing building shall not exceed the allowable lot coverage or encroach onto setbacks. The size and design of the ADU shall conform to applicable standards in the building, plumbing, electrical, mechanical, fire, health and any other applicable codes.

G. The following standards apply to all detached accessory dwelling units:

1. ADU Permit. Every new detached accessory dwelling unit and every conversion of an existing structure to a detached accessory dwelling unit that does not meet the density requirement of the parcel on which it will be located shall require an "ADU permit." No more than one ADU permit shall be issued to a property owner in any calendar year. The fee for an ADU permit shall be the same as that for stormwater review. Prior to issuing any ADU permit, the applicant must submit for approval a site plan showing that the accessory dwelling unit and principal residence will meet the requirements of this section.

a. Within land use districts located inside of the boundaries of activity centers and urban growth areas, there is no restriction on the number of permits for detached accessory dwelling units.

b. Outside of the boundaries of activity centers and urban growth areas, the number of detached ADU permits in any calendar year shall not exceed 12 percent of the total number of building permits for new principal residences issued for the previous calendar year outside the boundaries of activity centers and urban growth areas. Two of that 12 percent (10 percent new, two percent conversions) of the permits released in any one year shall be restricted for the conversion of existing accessory structures that have legally existed for no less than five years. ADU permits shall be issued by lottery procedures established by the administrator and approved by the County council. No unassigned ADU permits shall carry forward to the next year.

c. Detached ADUs that meet the permanently affordable housing requirements in SJCC 18.60.260 Affordable housing are not subject to 18.40.240(G)(1)(b). [Issue 1, not recommended]

2. Distance. The maximum distance between the closest vertical walls of the main house and any detached accessory dwelling unit shall be no more than 100 feet. If the 100 feet dimension would result in a greater impact, the administrator may allow up to 150 feet separation.

3. Location. Locate every new detached ADU and its utilities and driveway to avoid or minimize intrusion on the most sensitive open-space features of the site, including but not limited to:

a. Existing orchards, meadows and pasture areas;

b. Ridgelines and contrasting edges between landscape types unbroken by structures;

c. Rolling, open or steep open slopes; and

d. Critical areas.

4. Parcel Size.

a. There is no minimum parcel size for a detached ADU in urban growth areas and activity centers.

b. A detached ADU is not permitted on parcels less than: (i) five acres in size in any rural district, (ii) 10 acres in size in the agricultural district, and (iii) 20 acres in size in the forest district.

5. Sequence of Construction. Either the accessory dwelling unit or the principal residence may be built first. Regardless of the sequence of construction, every detached accessory dwelling unit must comply with the requirements of this section. When the principal residence is constructed after the

ADU, the applicant must show that the structure indicated as the accessory dwelling unit was constructed according to all applicable requirements in effect at the time the building permit was issued for the accessory dwelling and the accessory dwelling unit does not exceed 1,000 square feet of living area.

RESOLUTION NO. 13 - 2017

**Resolution Adopting the San Juan County Affordable Housing Workgroup  
Strategic Action Plan**

WHEREAS, accessible affordable housing concerns have been confronting San Juan County for many years;

WHEREAS, numerous studies and community forums have documented housing concerns for low and moderate income households countywide;

WHEREAS, in March 2016 the County authorized a workgroup to develop an Affordable Housing Strategic Action Plan;

WHEREAS, a workgroup was convened and included leaders in business, housing non-profits, the building community, school districts, Town of Friday Harbor, community action groups, and county staff;

WHEREAS, the workgroup held five meetings between March and November 2016, and developed a Strategic Action Plan that includes a vision, identified needs, strategies, actions, an implementation timeline, and measures to monitor success;

WHEREAS, on January 24, 2017 the County Council reviewed and provided input on the Strategic Action Plan; and

WHEREAS, on February 15, 2017 the Housing Bank Commission reviewed, provided input and recommended that the County Council adopt the San Juan County Affordable Housing Workgroup Strategic Action Plan

**NOW, THEREFORE, BE IT RESOLVED** by the County Council of San Juan County, state of Washington, as follows:

1. The San Juan County Affordable Housing Workgroup Strategic Action plan attached as Exhibit A is hereby adopted.
2. The San Juan County Housing Bank Commission will oversee and report annually to the County Council on the implementation status of the identified actions.

ADOPTED this 21<sup>ST</sup> day of March 2017.

ATTEST: Clerk of the Council

**COUNTY COUNCIL**  
**SAN JUAN COUNTY, WASHINGTON**

Ingrid Gabriel 3/27/2017  
Ingrid Gabriel, Clerk Date

Rick Hughes  
Rick Hughes, Chair  
District 2

REVIEWED BY COUNTY MANAGER

Michael J. Thomas 3/22/17  
Michael J. Thomas Date

William D. Watson  
Bill Watson, Vice-Chair  
District 1

RANDALL K. GAYLORD  
APPROVED AS TO FORM ONLY

By: [Signature] 3/17/17  
Date

Jamie Stephens  
Jamie Stephens, Member  
District 3

**San Juan County**  
**Affordable Housing Workgroup**

**Strategic Action Plan**

**March 10, 2017**

**Affordable Housing Workgroup  
Strategic Action Plan**

**Overview:** Affordable housing issues have been confronting the county for many years with numerous studies and community forums documenting housing concerns for low and moderate income households countywide. Recent reports and studies include, but are not limited to: 2015 Washington State Housing Needs Assessment; Draft Housing Action Plan dated May 2011; Opportunity Council's Prosperity Project 2015, United Way ALICE Report 2015; and 2015 San Juan Island Community Foundation Needs Assessment.

In March 2016, the County Council authorized a Workgroup to develop an Affordable Housing Strategic Action Plan. The goal was to develop four to six prioritized actions to address the housing issues. Actions were to consider all areas including: regulatory, funding, infrastructure costs, and land costs.

The Workgroup held five meetings between March and November 2016 and developed the attached Strategic Action Plan. The Action Plan includes a Vision, Identified Housing Needs, three Strategies, sixteen Actions, an Implementation Timeline, and Measures to Monitor Success. The Workgroup prioritized the following five actions, however, the workgroup indicated all actions should be implemented within the identified timeframe:

1. Identify and recommend a local affordable housing funding measure.
2. Develop a capital account to be used to purchase existing units when available.
3. Expand home repair and weatherization programs.
4. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units.
5. Regulate vacation rentals (e.g. yearly permit with fees, inspections, ensure lodging tax is collected, add an impact fee to be used for affordable housing).

**Workgroup Members:**

Bob Jarman - County Council	Richard Brown - Lopez Village Market
Duncan Wilson - Town Administrator	Greg Winter - Opportunity Council
Lisa Byers - OPAL Community Land Trust	Steve Hushebeck - Visitors Bureau & Town Council
Jacob Linnes - Island Market	Brent Snow - SJI School District Board
Jason Linnes - Island Market	Janet Brownell - OI School District Board
Sandy Bishop - Housing Bank Commission & Lopez Community Land Trust	Erica Shook - SJC Department of Community Development
Libbey Oswald - Kings Market	Mark Tompkins - SJC Health & Community Services
Peter Kilpatrick - Ravenhill Construction	

## Affordable Housing Workgroup Strategic Action Plan

**Vision:** Twenty years ago the citizens of San Juan County created a vision for the future. It included the goal to “Foster a sense of neighborliness and community pride so that there is housing for people of all incomes.” Efforts to date have fallen short. Today there is a deficiency in our affordable housing supply. As a community we understand the importance of sustainable affordable housing. We envision healthy, safe housing options for all who live here, including those who work, whether seasonally or full-time, as well as those who are on fixed incomes.

### Identified Housing Needs:

- **Number 1:** Long-term Rentals; Serving individuals making between \$15 - \$20/hour; Rent Range \$680 - \$940/month.
- **Number 2:** Long-term Rentals (studios & one-bedroom units); Serving individuals with limited or fixed incomes; Rent Range \$0 - \$680/month.
- **Number 3:** Long-term Rentals; Serving Individuals making over \$20/hour; Rent Range \$940 - \$2,000
- **Number 4:** Short-term, Reduced Amenity Housing (e.g. dorms, studios, shared occupancy); Serving Seasonal Temporary Worker; Rent Range \$400 - \$500/month
- **Number 5:** Homeownership; Price Range \$80,000 - \$275,000
- **Number 6:** Housing with Supportive Services (e.g. Transitional or Group Housing)

**Strategy 1:** Educate Public on the Availability and Affordability of Housing in San Juan County.

#### *Actions<sup>1</sup>:*

- A. Develop Frequently Ask Question (FAQ) documents
- B. Develop buildable land analysis [R]
- C. Complete housing needs analysis [R]
- D. Develop and implement a community engagement plan [PW]

**Strategy 2:** Increase the Availability and Affordability of Housing Stock in San Juan County.

#### *Actions:*

- A. Identify and recommend a local affordable housing funding measure [F]
- B. Consider incentives for construction of accessory dwelling units (ADUs) for year-round rentals with third party monitoring (e.g., density bonuses, change land use designations to allow on smaller lots; change land use to allow to be built further from main house, on a separate septic system, etc.) [R]
- C. Reduce permit fees and prioritize plan review for affordable housing projects [PW and F]
- D. Regulate vacation rentals (e.g. yearly permit with fees, inspections, ensure lodging tax is collected, add an impact fee to be used for affordable housing) [R]

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<sup>1</sup> Action Category Key: [R] – Regulatory [F] – Funding [PW] – Political Will [D] - Design

- E. County and/or Town be positioned to apply for Community Development Block Grants [F]
- F. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units [D and PW]
- G. Explore incentives and financing plans with utility providers [F and PW]
- H. Provide density bonuses to property owners creating affordable multi-family units [R]
- I. Evaluate 'farm worker housing' provisions to expand its use [R]
- J. Explore use of lodging tax funds for seasonal worker housing [R and D]

**Strategy 3: Maintain Existing Housing Stock that is Affordable.**

***Actions:***

- A. Develop a capital account to be used to purchase existing units when available [F]
- B. Identify and recommend a local affordable housing funding measure [F]
- C. Expand home repair and weatherization programs for existing housing stock [F]

**Prioritization of Actions:**

The Strategic Action Plan contains sixteen (16) distinct actions aimed at increasing/maintaining the availability and affordability of housing stock in San Juan County. The actions range from educating the public to recommending a local affordable housing funding measure. With the number and range of actions the workgroup felt it was necessary to identify the top three to five actions. Actions designed to increase/maintain affordable housing stock were prioritized based upon the difficulty to implement versus the potential number of units that could be achieved. Actions contained under Strategy 1 were not included in the prioritization exercise as these actions are designed to educate the public and not specifically to increase the number of units.

Listed below are the top five prioritized actions. However, the workgroup expressed support for implementation of all actions within the identified timeframes.

1. Identify and recommend a local affordable housing funding measure.
2. Develop a capital account to be used to purchase existing units when available.
3. Expand home repair and weatherization programs.
4. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units.
5. Regulate vacation rentals (e.g. yearly permit with fees, inspections, ensure lodging tax is collected, add an impact fee to be used for affordable housing).

**Implementation Timeline:**

<b>Strategy 1: Educate Public on the Availability and Affordability of Housing in San Juan County.</b>		
<b>Action</b>	<b>Timeframe from adoption by County Council</b>	<b>Primary Owner</b>
A. Develop FAQ Documents	1 month	H&CS
B. Develop buildable land analysis	6 months	DCD
C. Complete housing needs analysis	6 months	DCD
D. Develop and Implement a community engagement plan	3 months	H&CS/DCD
<b>Strategy 2: Increase the Affordability and Availability of Housing Stock in San Juan County.</b>		
<b>Action</b>	<b>Timeframe</b>	<b>Primary Owner</b>
A. Identify & recommend a local affordable housing funding measure	24 months	HBC / CC
B. Consider incentives for construction of accessory dwelling units for year-round rentals w/third party contracts	TBD (County Council)	DCD
C. Review fee structure for building permits; use of stock plans; reduction/waiver for affordable housing projects; prioritize plan review.	6 months	DCD
D. Regulate vacation rentals	6 months	DCD
E. Apply for Community Development Block Grants	As needed	H&CS
F. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units	12 months	Town Administrator & County Manager
G. Explore incentives and financing plans with utility providers	12 months	Town, Lisa Byers & Sandy Bishop
H. Provide density bonuses to property owners creating affordable multi-family units	6 months 12 – 18 months	Town DCD
I. Evaluate ‘farm worker housing’ provisions to expand its use	12 months	DCD
J. Explore use of lodging tax funds for seasonal worker housing	18 months	County Manager
<b>Strategy 3: Maintain Existing Housing Stock that is Affordable.</b>		
<b>Action</b>	<b>Timeframe</b>	<b>Primary Owner</b>
A. Develop a capital account to be used to purchase existing units	24 months	HBC
B. Identify and recommend a local affordable housing funding measure	24 months	HBC / CC
C. Expand home repair and weatherization programs	24 months	HBC

H&CS – San Juan County Health & Community Services  
 DCD – San Juan County Department of Community Development  
 HBC – San Juan County Housing Bank Commission  
 CC – County Council

**Monitoring Success**

<b>Strategy 1: Educate Public on the Availability and Affordability of Housing in San Juan County.</b>		
<b>Action</b>	<b>Primary Owner(s)</b>	<b>Measure(s)</b>
A. Develop FAQ Documents	H&CS	<ul style="list-style-type: none"> <li>• FAQ document(s)</li> <li>• Documents posted on county website</li> </ul>
B. Develop buildable land analysis	DCD	<ul style="list-style-type: none"> <li>• Completed buildable land analysis</li> </ul>
C. Complete housing needs analysis	DCD	<ul style="list-style-type: none"> <li>• Completed housing needs analysis</li> </ul>
D. Develop and Implement a community engagement plan	H&CS/DCD	<ul style="list-style-type: none"> <li>• Community Engagement plan developed</li> <li>• Plan implemented</li> </ul>
<b>Strategy 2: Increase the Affordability and Availability of Housing Stock in San Juan County.</b>		
<b>Action</b>	<b>Primary Owner(s)</b>	<b>Measure(s)</b>
A. Identify & recommend a local affordable housing funding measure	HBC	<ul style="list-style-type: none"> <li>• Funding measure identified</li> <li>• Funding measure place on ballot</li> <li>• Key messages developed</li> <li>• Funding measure approved by voters</li> </ul>
B. Consider incentives for construction of ADU's for year-round rentals w/third party contracts	DCD	<ul style="list-style-type: none"> <li>• Review feasibility of third party monitoring contracts</li> <li>• Code language drafted</li> <li>• Code revision process initiated</li> <li>• Code language adopted</li> </ul>
C. Review fee structure for building permits; use of stock plans; reduction/waiver for affordable housing projects; prioritize plan review.	DCD	<ul style="list-style-type: none"> <li>• Fee resolution adopted reducing fees for affordable housing projects</li> <li>• Plan review process revised to prioritize affordable housing projects</li> </ul>
D. Regulate vacation rentals	DCD	<ul style="list-style-type: none"> <li>• Code language drafted</li> <li>• Code revision process initiated</li> <li>• Code language adopted</li> </ul>
E. Apply for Community Development Block Grants	H&CS	<ul style="list-style-type: none"> <li>• Application submitted annually.</li> <li>• Block grant(s) obtained for housing projects</li> </ul>

<p>F. Develop a public/private partnership program to build affordable housing units and explore using publicly owned land to construct units</p>	<p>Town Administrator &amp; County Manager</p>	<ul style="list-style-type: none"> <li>• Develop public/private partnership</li> <li>• Identify location(s)</li> <li>• Negotiated terms</li> <li>• Build project</li> </ul>
<p>G. Explore incentives and financing plans with utility providers</p>	<p>Town, Lisa Byers &amp; Sandy Bishop</p>	<ul style="list-style-type: none"> <li>• Utility incentives and financing plans identified</li> <li>• Utility providers implement incentives and/or financing plans</li> </ul>
<p>H. Provide density bonuses to property owners creating affordable multi-family units</p>	<p>Town &amp; DCD</p>	<ul style="list-style-type: none"> <li>• Code language developed</li> <li>• Code revision process initiated</li> <li>• Code language adopted</li> </ul>
<p>I. Evaluate 'farm worker housing' provisions to expand its use</p>	<p>DCD</p>	<ul style="list-style-type: none"> <li>• Farm worker housing provisions evaluated</li> <li>• Farm worker housing provisions modified and/or if necessary code amendments drafted</li> </ul>
<p>J. Explore use of lodging tax funds for seasonal worker housing</p>	<p>County Manager</p>	<ul style="list-style-type: none"> <li>• Review applicable law to determine use of lodging tax funds</li> <li>• If allowable, create lodging tax fund account for seasonal worker housing</li> <li>• Use funds to develop seasonal worker housing</li> </ul>
<p><b>Strategy 3: Maintain Existing Housing Stock that is Affordable.</b></p>		
<p><b>Action</b></p>		<p><b>Measure(s)</b></p>
<p>A. Develop a capital account to be used to purchase existing units</p>	<p>HBC</p>	<ul style="list-style-type: none"> <li>• Capital Account created</li> <li>• Funds identified and place in account</li> </ul>
<p>B. Identify and recommend a local affordable housing funding measure</p>	<p>HBC</p>	<ul style="list-style-type: none"> <li>• See measures under Strategy 2 A above</li> </ul>
<p>C. Expand home repair and weatherization programs</p>	<p>HBC</p>	<ul style="list-style-type: none"> <li>• Funds identified</li> <li>• Program expanded</li> </ul>



SAN JUAN COUNTY DEPARTMENT OF COMMUNITY DEVELOPMENT

135 Rhone Street, PO Box 947, Friday Harbor, WA 98250  
 (360) 378-2354 | (360) 378-2116  
 dcd@sanjuanco.com | www.sanjuanco.com

DATE RECEIVED  
**S.J.C. DEPARTMENT OF**  
**JAN 14 2019**  
**COMMUNITY DEVELOPMENT**

**Comprehensive Plan Text/SJC Code\* Amendment Request**

\*San Juan County Code Titles 15, 16 & 18  
 (Annual Docket)

APPLICANT INFORMATION:			
Name of Applicant:	<u>OPAL Community Land Trust</u>	Name of Agent:	<u>Lisa Byers</u>
Address	<u>PO Box 1133</u>	Address	_____
City, State, Zip	<u>Eastsound, WA 98245</u>	City, State, Zip	_____
Phone	<u>360-376-3191</u>	Phone	_____
Email	<u>opalclt@opalclt.org</u>	E-mail	_____

This request is for a text amendment to the Comprehensive Plan or development regulations, not a comprehensive plan map amendment. I understand that this request will be reviewed according to the County's annual docket process.

	<u>Elisabeth C. Byers</u>	<u>1/10/19</u>
Signature	Printed Name	Date
_____	_____	_____
Signature	Printed Name	Date

**Please Describe the Proposed Amendments (attach additional pages if you need more space):**

1. Comprehensive Plan – Describe proposed amendment and/or attach proposed text changes. List Comprehensive plan section, page numbers, title and policies proposed for amendment.

N/A

2. San Juan County Code Title 15, Title 16 or Title 18. Describe proposed amendment and/or attach proposed text changes. List code sections proposed for amendment.

The proposed change is to 18.40.240.F (4) re: Accessory Dwelling Units:

**Ownership.** An accessory dwelling unit must be owned by the owner of the principal residence, or the owner of the land if the owner is providing perpetual affordable housing (as defined in SJC 2.27).

3. Why is the amendment being proposed?

**Community Land Trusts are non-profit organizations dedicated to providing permanently affordable housing. OPAL Community Land Trust owns the land for two parcels in Eastsound and leases the land to individuals who own the house, or improvement on that land. The homeowners are low or moderate income and do not have the resources to build an ADU, but if OPAL were allowed, as the owner of the land, to build and rent an ADU on the property, it would enable OPAL to provide additional units of affordable housing.**

4. How is the proposed amendment consistent with the Growth Management Act (RCW 36.70A), Comprehensive Plan and development regulations?

**The Housing Element of San Juan County's Comprehensive Plan identifies an estimated shortage of at least 600 homes countywide that are affordable for low- and moderate-income households. The Plan calls for making adequate provision for a variety of housing types (Goal 5.2) and the full spectrum of income groups (Goal 5.2.B.).**

5. Does this proposal impact an Urban Growth Area (UGA)? Lopez Village, Eastsound and the Town of Friday Harbor are the only UGAs in the County.

- Yes, indicate UGA Eastsound  
 No

6. Does this proposal increase population or employment capacity?

**The proposal provides more affordable and stable housing options for existing residents of San Juan County and thereby improves the ability of local employers to find appropriate employees.**