

ISLAND COUNTY COMMISSIONERS' WORK SESSION SCHEDULE JULY 16, 2025

9:00 a.m.	Treasurer
9:30 a.m.	Information Technologies
9:45 a.m.	Facilities
10:15 a.m.	Public Works
11:00 a.m.	Planning & Community Development

NOON BREAK

1:00 p.m. **2025 Budget Workshop**
July 16: 2026 Budget Overview

9:00 a.m. **2025 Budget Workshop Continued**
July 17: Budget/Risk
Commissioners
Auditor

The Board of County Commissioners meets routinely in Work Session the first three Wednesdays of each month. Work Sessions are held in the Annex Building, Board of County Commissioners' Hearing Room, #B102, 1 NE 6th Street, Coupeville, WA.

Work Sessions are public meetings that provide an informal workshop format opportunity for the Board to review ongoing items with departments or to meet with other agencies, committees, or groups to discuss specific topics of mutual interest. Items are typically reviewed at Work Session before being scheduled on the agenda for the Board's regular Tuesday business meetings.

While Work Sessions do not have time set aside for verbal public comment, written public comment is welcomed and can be directed to the Clerk of the Board by submitting comments to CommentBOCC@islandcountywa.gov. If you have questions regarding public comment, you may call (360) 679-7385. Written public comments are considered a public record.

Times for each department are approximate; a time slot scheduled for a specific department may be revised as the Work Session progresses. Because of the workshop format and time sensitivity, certain items, topics, and materials may be presented that are not included in the published agenda. **If you are interested in reviewing those documents, please contact the Clerk of the Board at (360) 679-7354.**

Those interested in attending the meeting virtually please contact the Commissioners' Office at biccsec@islandcountywa.gov or call (360) 679-7354.

ASSISTIVE LISTENING AVAILABLE: Please contact the clerk for an assistive listening device to use during the meeting. Please return the device at the end of the meeting.

NOTE: Audio recordings are posted within 48 hours of the meeting date. To listen to the recording visit the [Agenda Center](#) on the Island County website.



ISLAND COUNTY TREASURER

WORK SESSION AGENDA

MEETING DATE: 7/16/2025

To: **Melanie Bacon, Chair**
Board of Island County Commissioners
From: **Tony Lam, Treasurer**

Amount of time requested for agenda discussion. 30 minutes

DIVISION: Administrative

Agenda Item No.: 1

Subject: **June 2025 Treasurer's Report**

Description: Financial & Treasury Activity for the month of June 2025.

Attachment: **June 2025 Treasurer's Report**

Request: *(Check boxes that apply)*

<input type="checkbox"/> Move to Consent	<input type="checkbox"/> Move to Regular
<input checked="" type="checkbox"/> None/Informational	<input type="checkbox"/> Schedule a Public Hearing
<input type="checkbox"/> Signature Request	<input type="checkbox"/> Other: _____

IT Review: Not Applicable

Budget Review: Not Applicable

P.A. Review: Not Applicable

Treasurer's Monthly Report

Financial Data as of June 30, 2025

To be presented at Work Session July 16, 2025

- Investment Rates and Balances as of June 30, 2025:

DESCRIPTION	RATE
ICT Investment Pool	3.09%
WA State Treasurer LGIP	4.38%
US Treasury, 3 month	4.30%
US Treasury, 6 month	4.24%
US Treasury, 1 year	3.97%
US Treasury, 2 year	3.73%
US Treasury, 3 year	3.71%
US Treasury, 4 year	3.76%
US Treasury, 5 year	3.82%

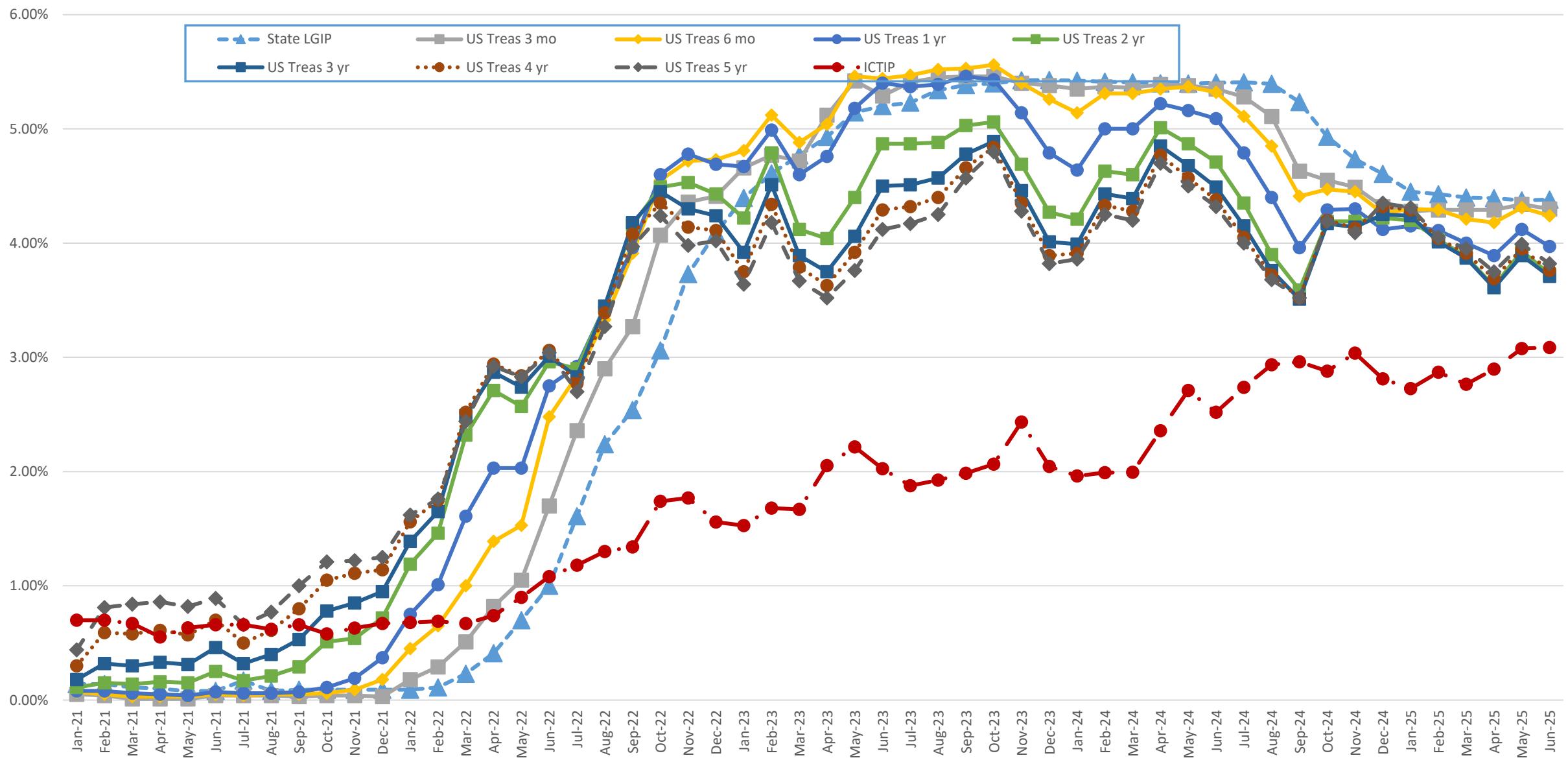
County (Residual) Investment in ICTIP	40%	\$119,283,228
Junior Taxing Districts' Investment in ICTIP	60%	\$176,242,562
Island County Treasurer's Investment Pool		\$295,525,790

- Cash Held for Daily Needs in Depositaries:

Key Bank	\$ 16,895,319
Whidbey Island Bank	\$ 1,900,045
Total Cash Balances	\$ 18,795,364

- 21% of our investment pool is invested in the WA ST LGIP, and 50% is < 1-year maturity (assuming no calls). In July 2024, two taxing districts issued bonds totaling approximately \$45MM for which they will expense within a year; and which approx. \$40 MM remains in the LGIP.
- As of June 30, 2025, the 2025 property tax levies for Current Expense, Roads, and Conservation Futures were 54.8% collected. The comparable 2024 YTD collections in June 2024 was 54.5%.
- Foreclosure Update – 2025 started with 101 properties subject to foreclosure. As of June 30th, 88 properties were redeemed from foreclosure, so the count is down to 13. Collection procedures are ongoing to avoid auction of these properties.
- The number of REET affidavits processed in June was 368 compared to 311 in May and 339 in June 2024. The County's portion of excise revenue was \$486,192 in June, on sales of \$126 MM. This REET activity resulted in Island County YTD excise revenue of **\$300,000 more** than for the same period in 2024, **\$140,000 more** than in 2023, and **\$684,000 less** than in 2022.

Investment Earnings Rate Comparison, January 2021 - June 2025

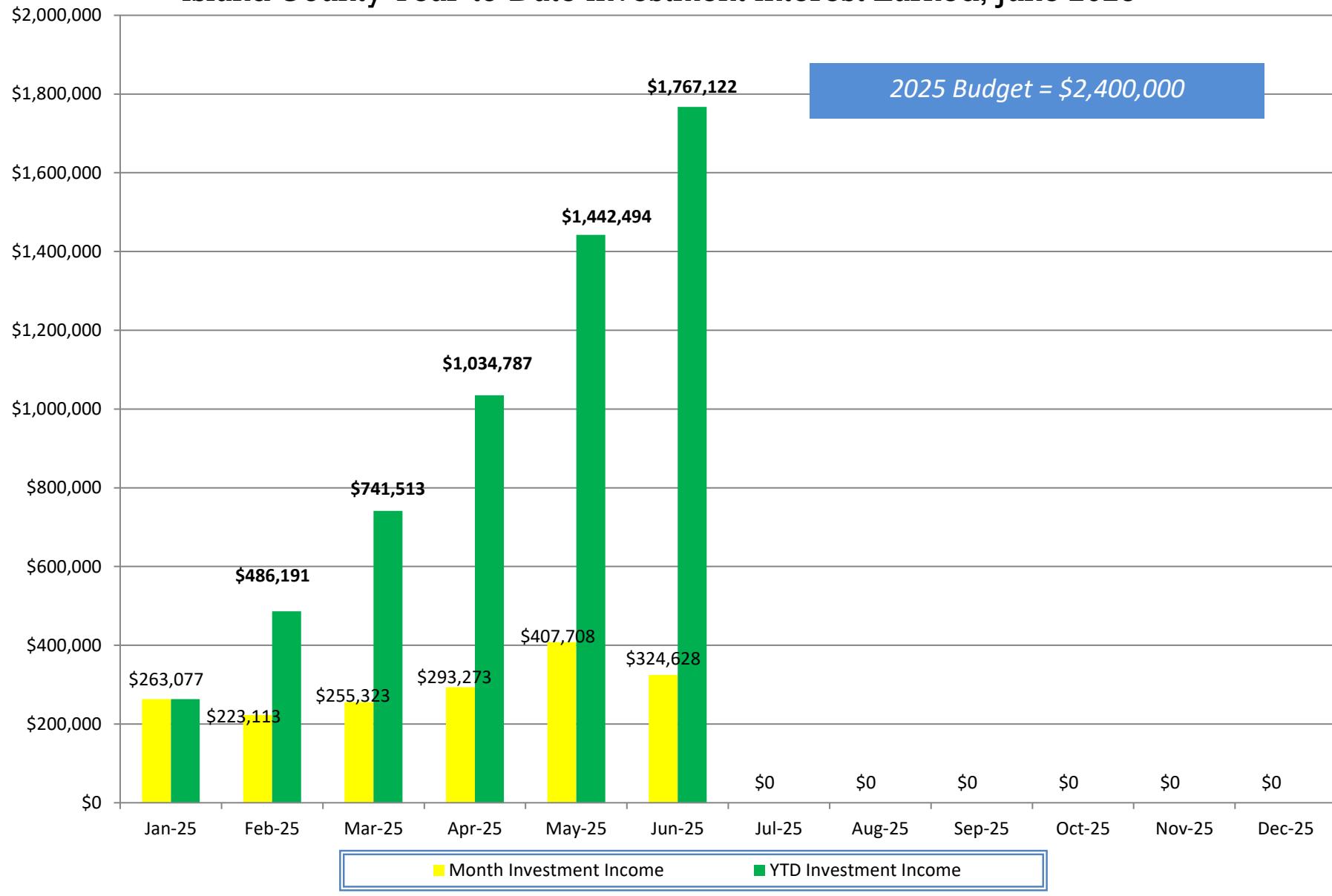


Island County Treasurer's Investment Pool
Participant Investment Balances by Fund
June 30, 2025

Fund#	Fund Description	Par Value
621	FREELAND WATER/SEWER RESERVE	485,000.00
626	FIRE DISTRICT #5 SICK LEAVE	156,933.43
628	FIRE DISTRICT #1 TRUST	17,050.00
629	FIRE DISTRICT #1 MAINTENANCE	5,228,000.00
631	S201 GENERAL	3,383,927.00
632	S201 ASB	949,769.00
633	S201 TRANS VEHICLE	212,946.00
634	S201 BOND REDEMPTION	178,733.00
635	S201 CAPITAL PROJECT	13,112,000.00
637	FIRE DISTRICT #2 EXPENSE	3,075,000.00
638	FIRE DISTRICT #3 EXPENSE	1,408,387.51
640	FIRE DISTRICT #5 MAINTENANCE	2,242,874.00
642	FIRE DISTRICT #1 BOND REDM	550,066.00
643	FIRE DISTRICT #5 CAPITAL	2,718,445.00
644	FIRE DISTRICT #5 BOND	5,000.00
647	SO WHID PARK REC MAINTENANCE	1,044,826.09
648	NO WHID POOL PARK REC BOND	230.40
649	NO WHID POOL PARK REC RESERVE	41,669.34
651	CEMETERY DISTRICT #1	70,000.00
652	CEMETERY DISTRICT #2	450,000.00
653	PORT COUPEVILLE MAINTENANCE	800,000.00
654	PORT SOUTH WHIDBEY	510,000.00
655	PORT MABA NA MAINTENANCE	28,300.00
657	PORT SOUTH WHIDBEY BOND	188,617.20
675	S204 GENERAL FUND	500,000.00
676	S204 ASB FUND	95,000.00
677	S204 TRANS VEHICLE	230,699.00
678	S204 BOND REDEMPTION	5,000.00
679	S204 BUILDING	3,525,000.00
683	S206 GENERAL FUND	2,500,000.00
684	S206 ASB	60,000.00
685	S206 TRANSPORTATION VEHICLE	359,500.00
687	S206 BUILDING (CP)	26,000,000.00
688	S206 CAPITAL PROJECT (CA)	2,080,000.00
690	S206 NONEXP TRUST	800,000.00
696	SARATOGA BOND RESERVE	212,193.49
697	PORT COUPEVILLE IDD FUND	2,000,000.00
701	CLINTON WATER MAINTENANCE	65,334.17
705	LONG BEACH MAINTENANCE	20,129.51
707	PENN COVE MAINTENANCE	1,100,000.00
719	BAYVIEW BEACH EMERGENCY	162,500.00
720	CLINTON WATER CONSTRUCTION	30,813.30
722	LONG BEACH CONSTRUCTION	69,870.49
723	LAGOON POINT CAPITAL	850,000.00
725	CAMANO VISTA CAPITAL IMP	166,000.00
726	FIRE DISTRICT #3 CONTINGENCY ACCT	170,707.00
727	FIRE DISTRICT #3 RESERVE ACCT	53,219.00
728	BAYVIEW BEACH SFR WATERLINE	46,113.00
729	CLINTON BOND	36,036.83
730	CROCKETT LAKE CONSTRUCTION	360,000.00
739	JUNIPER BEACH MAINTENANCE	200,000.00
741	SO WHID PARK REC CONSTRUCTION	14,377,500.00
742	FREELAND CONSTRUCTION	1,615,000.00
755	ISLAND TRANSIT/PTBA	68,000,000.00
758	PENN COVE CONSTRUCTION	1,100,000.00
760	CLINTON WATER CAPITAL	361,657.04
761	ADMIRALS COVE CAPITAL IMPROVEMENT	700,000.00
763	SWANTOWN CAPITAL	175,000.00
764	SCATCHET HEAD WATER EMERGENCY	54,075.00
765	LEDGEWOOD BEACH CAPITAL	463,500.00
766	BAYVIEW BEACH CONSTRUCTION	195,642.00
769	CLINTON WATER SEWER	505.45
771	FIRE DISTRICT #1 CAPITAL FACIL	2,541,871.44
772	HOLMES HARBOR TRUST LOAN	63,152.00
775	SO WHID PARKS & REC RESERVE	637,288.00
776	FIRE DISTRICT #1 CAPITAL	2,870,923.83
777	FIRE DISTRICT #1 RESERVE	3,732,120.00
779	MAIN STREET SEWER	150,000.00
783	ADMIRALS COVE EMERGENCY RES	103,000.00
785	HOLMES HARBOR CAPITAL IMP	65,603.00
786	HOLMES HARBOR REPLACEMENT	107,482.00
788	NO WHID POOL PARK & REC CAPITAL	3,230.65
789	CLINTON WTR DIST ENCUMBER ACCT	327,821.89
795	CROCKETT LAKE EMERGENCY RES	41,300.00
920	RESIDUAL (ISLAND COUNTY)	119,283,227.94

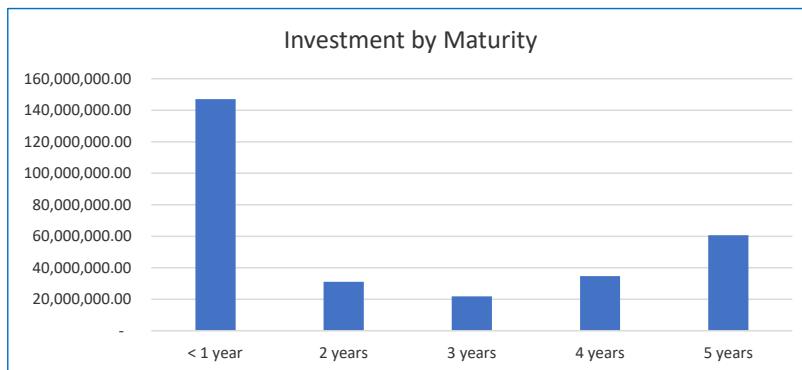
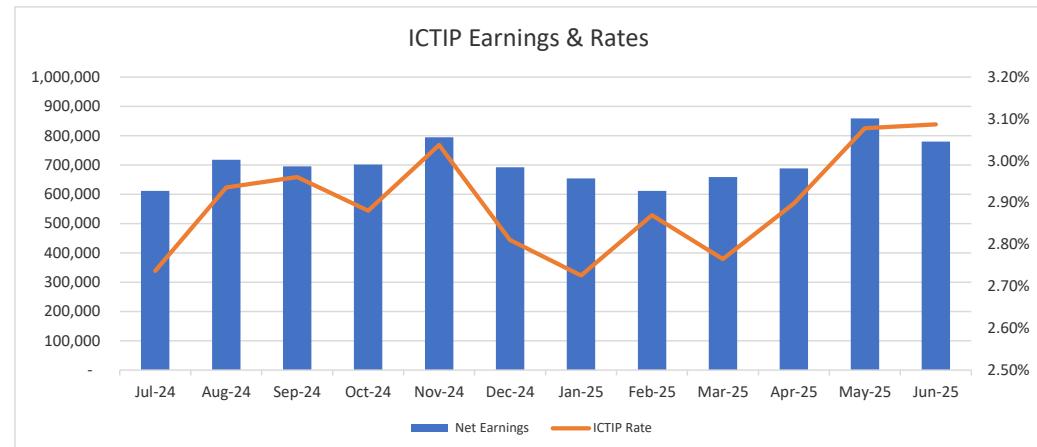
295,525,790.00

Island County Year-to-Date Investment Interest Earned, June 2025



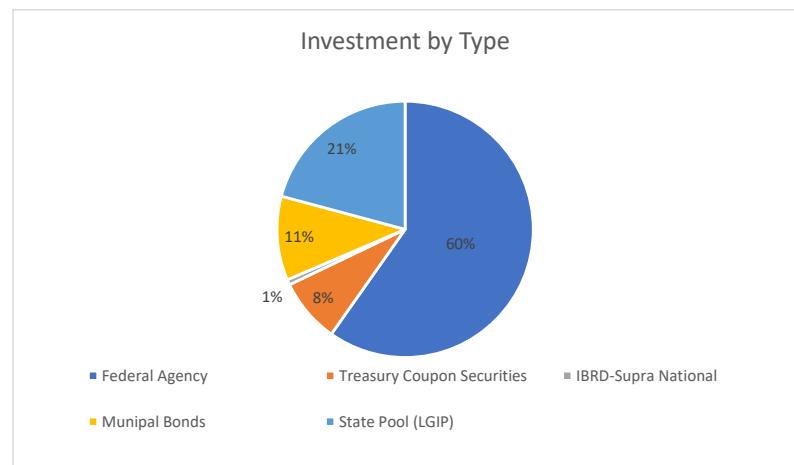
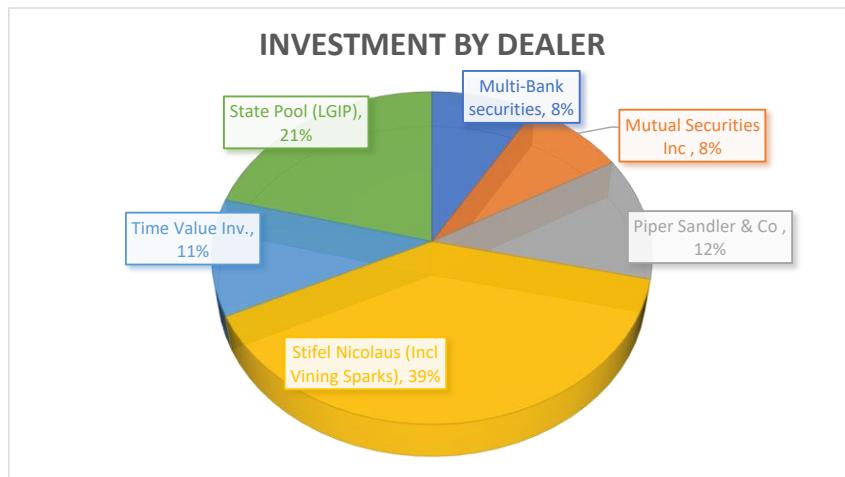
Date: **June 30, 2025**

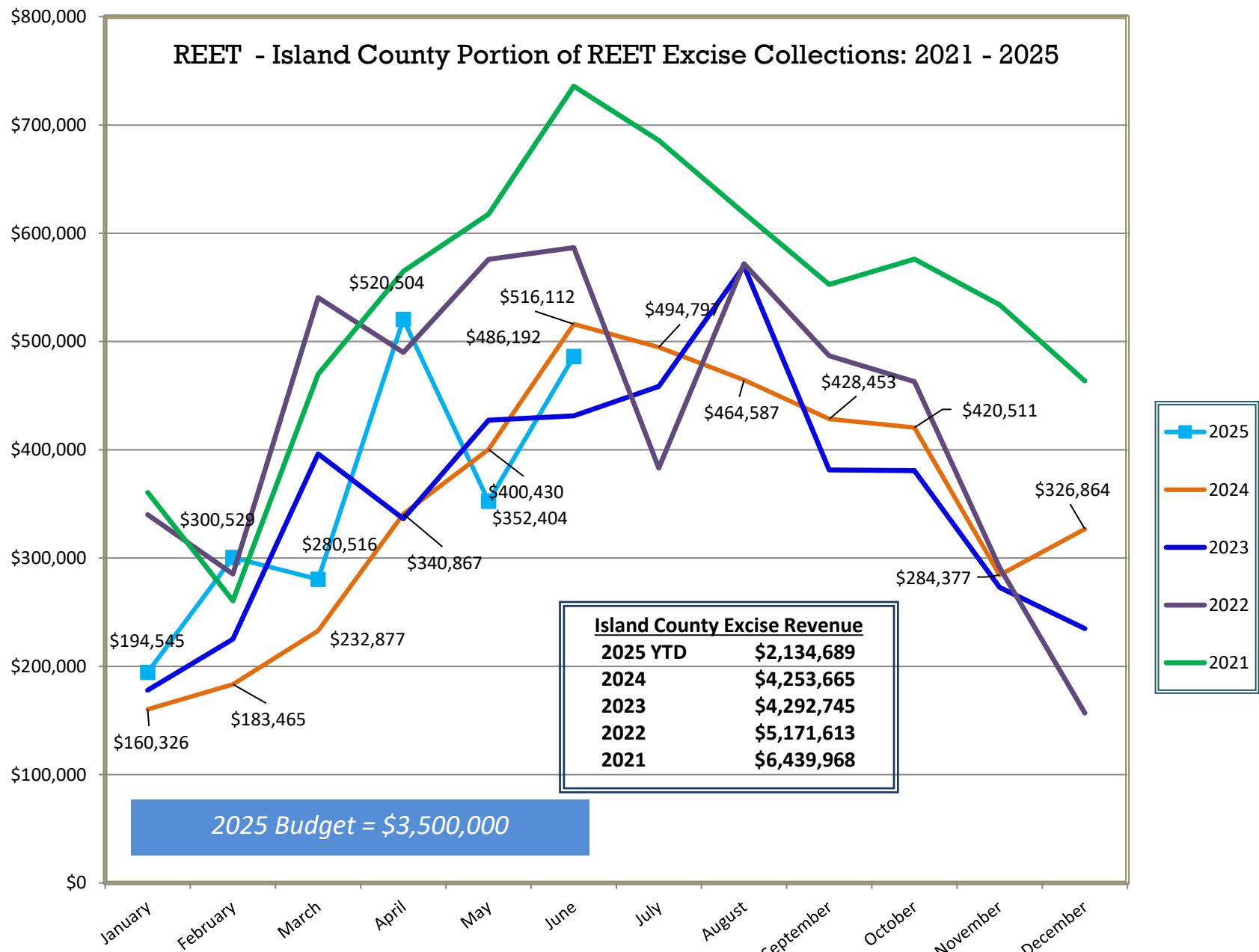
June-2025	
ICTIP Rate	3.09%
LGIP Rate	4.38%
Net Earning	\$ 780,048
as of	
12-Month Average	6/30/2025 5/31/2025
ICTIP Rate	2.90% 2.85%
LGIP Rate	4.73% 4.81%
Net Earning	\$ 705,511 684,649.20
2 Year US Treasury	4.00% 4.07%



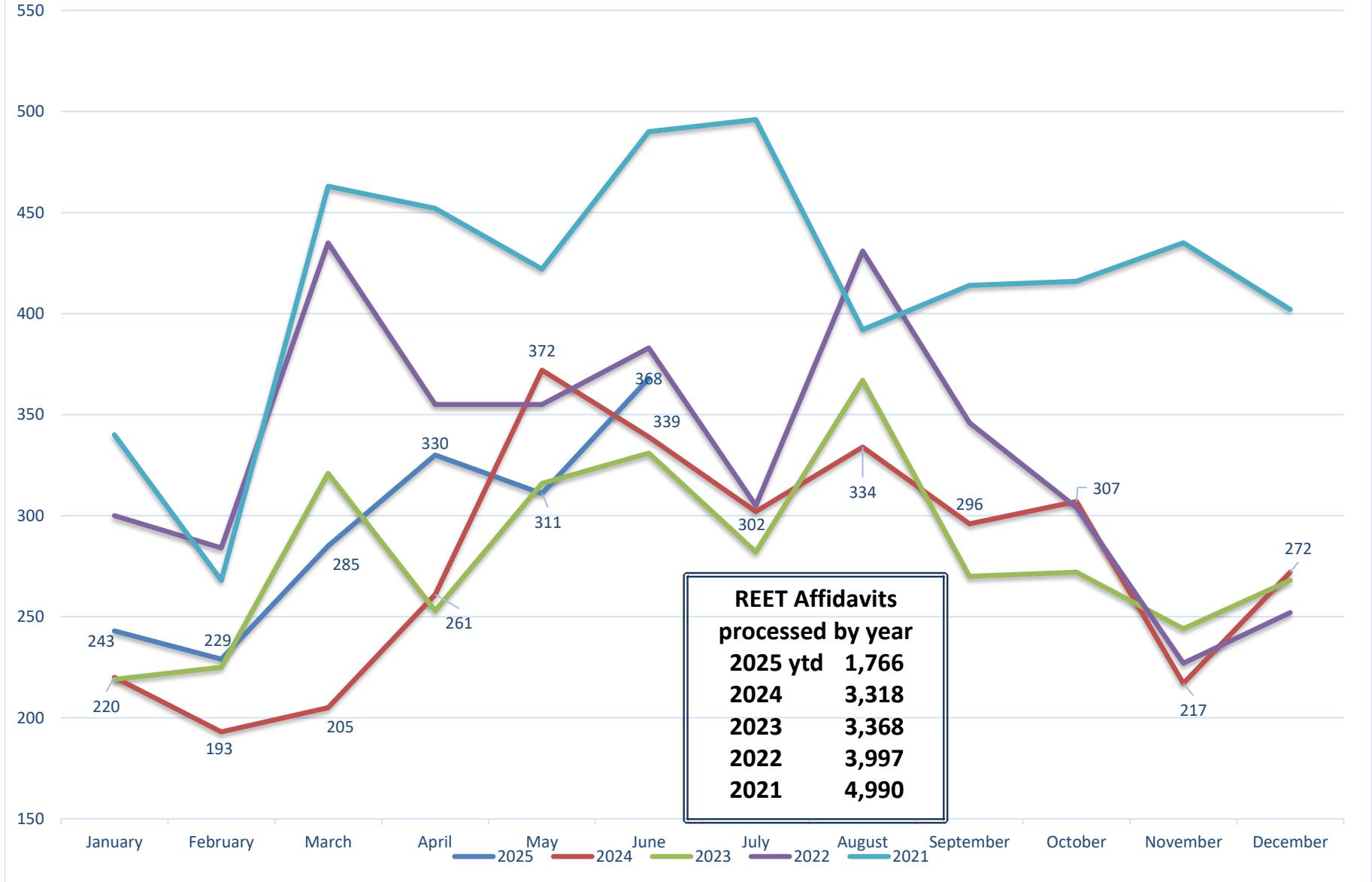
Investment by Issuer

Issuer	%-age	Par Value	Debt Policy	Variance
US Treasury Bills and Notes	8%	24,000,000.00	90%	82%
Fed Agri Mtg Corp	5%	16,000,000.00	40%	35%
Fed Farm Credit Bk	10%	29,000,000.00	40%	30%
Fed Home Loan Bk	29%	85,940,000.00	40%	11%
Fed Home Loan Mtg Corp	4%	11,000,000.00	40%	36%
Fed Nat'l Mtg Assn	12%	34,695,000.00	40%	28%
Municipal Bonds	11%	31,335,000.00	35%	24%
State Pool (LGIP)	21%	61,555,790.00	90%	69%
Supranationals	1%	2,000,000.00	5%	4%
	100%	295,525,790.00		





Island County 2021-25 REET - Number of Affidavits Processed by Month





ISLAND COUNTY INFORMATION TECHNOLOGY

WORK SESSION AGENDA

MEETING DATE: 7/16/2025

To: **Melanie Bacon, Chair**
Board of Island County Commissioners

From: Dean Lambourn, Director

Amount of time requested for agenda discussion. 15 minutes

DIVISION: Administrative

Agenda Item No.: 1

Subject: 2026 – 2031 IT Capital Improvement Plan

Description: Presentation of estimated replacement costs of IT hardware for the next 5 years based on Island County's IT hardware lifecycle and a break down of 2026 scheduled replacement costs by category.

Attachment: Memo

Request: *(Check boxes that apply)*

<input type="checkbox"/> Move to Consent	<input type="checkbox"/> Move to Regular
<input checked="" type="checkbox"/> None/Informational	<input type="checkbox"/> Schedule a Public Hearing
<input type="checkbox"/> Signature Request	<input type="checkbox"/> Other: _____

IT Review: Not Applicable

Budget Review: Not Applicable

P.A. Review: Not Applicable



Island County Information Technology Department

Dean Lambourn, Director

1 NE 7th St. Coupeville, WA 98239
Email: d.lambourn@islandcountywa.gov | Phone: 360 678-7836

M E M O R A N D U M

July 7th, 2025

TO: Board of County Commissioners

FROM: Dean Lambourn, Director of Information Technology

RE: The 2026 – 2031 Capital Improvement Program (CIP) for IT

IT Hardware Assets - Capital Improvement Plan **Information Technology Replacement Schedule of Hardware Assets**

Description:

IT hardware assets are categorized and replaced on lifecycle for each type of equipment. This schedule is aggregated by category.

Status:

The IT Capital Improvement Plan is part of the department asset management system. It has been in effect since 2019 and is annually used as a tool to set the replacement budget.

Net Impact on Operating Budget:

IT CIP is funded by Current Expense.

Annual Replacement Cost

Source	2026	2027	2028	2029	2030	2031
Replacement Cost	\$516,722	\$622,295	\$587,068	\$685,583	\$1,019,843	\$496,055



Island County Information Technology Department

Dean Lambourn, Director

1 NE 7th St. Coupeville, WA 98239

Email: d.lambourn@islandcountywa.gov | Phone: 360 678-7836

2026 Budget Year Planned Replacements

Category	Count	Budget Amount
Audiovisual	5	\$12,622
Network	63	\$137,140
PC	65	\$124,466
Peripheral	104	\$60,088
Printer	24	\$13,490
Telephone	462	\$168,274
UPS	6	\$692
Total	729	\$516,772

Updated 4/29/2025



ISLAND COUNTY FACILITIES

WORK SESSION AGENDA

MEETING DATE: 7/16/2025

To: **Melanie Bacon, Chair**
Board of Island County Commissioners
From: **Ryan Beach, Director**

Amount of time requested for agenda discussion. **30 minutes**

DIVISION: Administrative

Agenda Item No.: 1

Subject: 2026-2031 Facilities Capital Improvement Plan

Description: Facilities will discuss their portion of the 2026-2031 Capital Improvement Plan.

Attachment: CIP for Facilities

Request: (Check boxes that apply)

<input type="checkbox"/> Move to Consent	<input type="checkbox"/> Move to Regular
<input checked="" type="checkbox"/> None/Informational	<input type="checkbox"/> Schedule a Public Hearing
<input type="checkbox"/> Signature Request	<input type="checkbox"/> Other: _____

IT Review: Not Applicable

Budget Review: Not Applicable

P.A. Review: Not Applicable



ISLAND COUNTY PUBLIC WORKS

WORK SESSION AGENDA

MEETING DATE: 7/16/2025

To: Melanie Bacon, Chair
Board of Island County Commissioners
From: Fred Snoderly, Director

Amount of time requested for agenda discussion. 45 minutes

DIVISION: County Roads

Agenda Item No.: 1

Subject: Testing Protocol Requirements for Water & Sewer Franchises

Description: Discussion regarding testing protocol requirements for future intention to include in franchise agreements updates.

Attachment: Memorandum, PowerPoint

Request: (Check boxes that apply)

<input type="checkbox"/> Move to Consent	<input type="checkbox"/> Move to Regular
<input checked="" type="checkbox"/> None/Informational	<input type="checkbox"/> Schedule a Public Hearing
<input type="checkbox"/> Signature Request	<input type="checkbox"/> Other: _____

IT Review: Not Applicable

Budget Review: Not Applicable

P.A. Review: Not Applicable



Island County Public Works

Ed Sewester, P.E., County Engineer

Matthew Lander, P.E., Assistant County Engineer

1 NE 7th Street, Coupeville, WA 98239 | www.islandcountywa.gov

Ph: Whidbey 360-679-7331 | Camano 360-387-3443 | S Whidbey 360-321-5111

Email: Ed.Sewester@islandcountywa.gov | M.Lander@islandcountywa.gov

M E M O R A N D U M

July 16, 2025

TO: Board of County Commissioners – Island County

FROM: Ed Sewester - County Engineer

RE: Testing Protocol Requirements for Water & Sewer Franchises

The Public Works and Public Health Departments are presenting to the Board of Island County Commissioners, at its July 16, 2025 Work Session, a discussion regarding testing protocol requirements for future intention to include in franchise agreements updates.

Water and Sewer Testing Protocol Requirements. Franchises are for systems exceeding 500ft in the County Right of Way (ROW). Due to the length of some of these systems knowing where or when a leak occurs is difficult. Verbiage in current franchise agreements require systems to be maintained but does not provide testing requirements. Franchises are renewed every 10 years, pressure testing (water) and dye testing (sewer) would enhance verification of a system's integrity under County Roads.

Previous Requirements:

- No interference with County road travel
- Obtain Permits, when required
- 24 hour / 7 days emergency response
- Maintain necessary insurances
- Comply with Federal & State law

Proposed Additional Testing Protocol Requirements:

- Valves at entrance and exit of County ROW
- Pressure tests for integrity of water lines under County Roads
- Dye Tests to identify potential leakage of sewer lines

Recommended Implementation Time:

2025 – notify all franchise holders of requirement and timeline

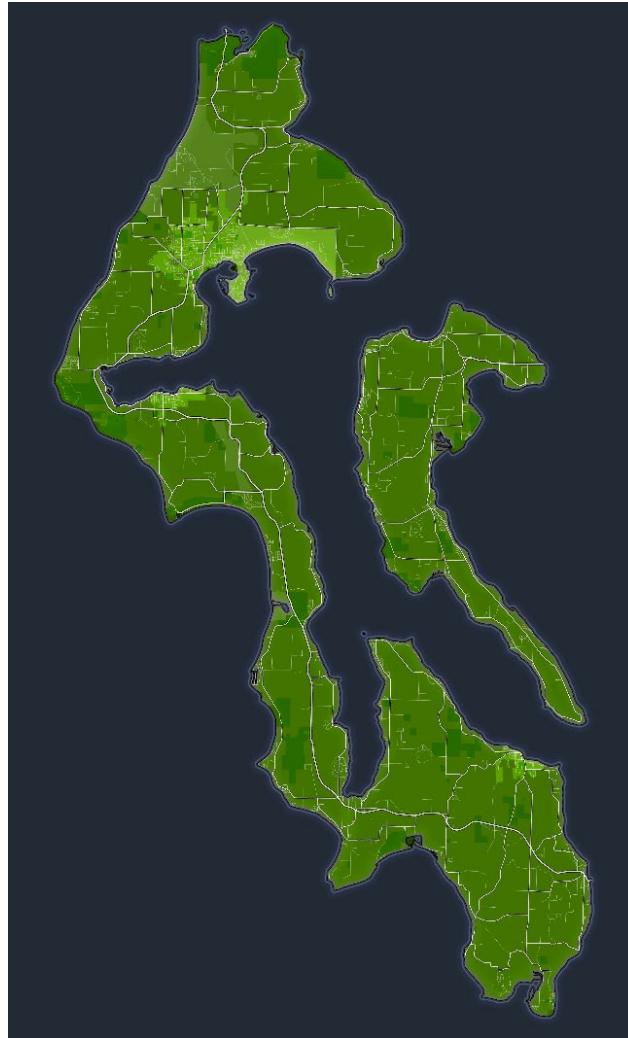
2026 – franchise holders plan and budget for requirement

2027 – franchise holders contract / install necessary system enhancements

2028 – additional required testing protocol performed prior to franchise renewals

** Require “new” franchises received after August 2025 to certify system prior to issuing franchise

** All testing / certification performed by independent certified testing agent



PROPOSED TESTING PROTOCOL FOR WATER & SEWER FRANCHISES

July 16, 2025



TESTING PROTOCOL

Current Requirements: [267 of 277 total franchises = water & sewer]

- No interference with County road travel
- Obtain Permits, when required
- 24 hour / 7 days emergency response
- Maintain necessary insurances
- Comply with Federal & State law

Proposed Additional Testing Protocol Requirements

- Valves at entrance and exit of County ROW
- Pressure tests for integrity of water lines under County Roads
- Dye Tests to identify potential leakage of sewer lines under County Roads

Timeline:

2025 – notify all franchise holders of requirement and timeline

2026 – franchise holders plan and budget for requirement

2027 – franchise holders contract / install necessary system enhancements

2028 – additional required testing protocol performed prior to franchise renewals

** Require “new” franchises received after August 2025 to certify system prior to issuing franchise

** All testing / certification performed by independent certified testing agent



ISLAND COUNTY PLANNING & COMMUNITY DEV.

WORK SESSION AGENDA

MEETING DATE: 7/16/2025

To: Melanie Bacon, Chair
Board of Island County Commissioners
From: Jonathan Lange, Director

Amount of time requested for agenda discussion. 45 minutes

Agenda Item No.: 1

Subject: 2025 Comprehensive Plan – Oak Harbor Urban Growth Area

Description: Long Range Planning will discuss options for addressing the growth targets in Oak Harbor with the Board.

Attachments: Memo, Options Table, Correspondence

Request: (Check boxes that apply)

<input type="checkbox"/> Move to Consent	<input type="checkbox"/> Move to Regular
<input checked="" type="checkbox"/> None/Informational	<input type="checkbox"/> Schedule a Public Hearing
<input type="checkbox"/> Signature Request	<input type="checkbox"/> Other: _____

IT Review: Not Applicable

Budget Review: Not Applicable

P.A. Review: Not Applicable



Island County Planning and Community Development

Jonathan Lange, AICP, CFM
Director

Physical Address: 1 NE 6th St, Coupeville, WA 98239 Mailing Address: 1 NE 7th St, Coupeville, WA 98239

Ph: Whidbey 360-679-7339 | Camano 360-387-3443 | Fax: 360-679-7306

Email: PlanningDept@islandcountywa.gov | <https://www.islandcountywa.gov/207/Planning-Community-Development>

MEMORANDUM

7/16/2025

TO: Board of Island County Commissioners

FROM: Long Range Planning

RE: 2025 Comprehensive Plan – Decision needed on Oak Harbor’s Urban Growth Area

Background

The City of Oak Harbor (City) and Island County (County) staff and attorneys participated in a mediation session on May 28, 2025, facilitated by a consultant hired by Growth Management Services to discuss options for accommodating the housing numbers allocated to Oak Harbor’s urban growth area (UGA). No clear resolution came out of the mediation session, and Long Range Planning is seeking the Board’s direction and a decision on how to move forward.

Summary of County Concerns with the City’s UGA Expansion Request

The City formally requested a UGA expansion in their letter dated April 22, 2025. The County expressed concerns with the expansion and requested additional information from the City on May 23, 2025.

The GMA requires cities and counties to work collaboratively to expand a UGA (RCW 36.70A.100 and WAC 365-196-510 and 520), and per WAC 365-196-310(3)(g)), expansion of a UGA requires: “Counties, cities, and other municipalities, where appropriate, should negotiate interlocal agreements to coordinate land use management with the provision of adequate public facilities to the urban growth area. Such agreements should facilitate urban growth in a manner consistent with the cities’ comprehensive plans and development regulations, and should facilitate a general transformation of governance over time, through annexation or incorporation, and transfer of nonregional public services to cities as the urban area develops.”

The County requested information on the City’s Capital Facilities Plan and how the UGA will be served. The County also expressed concerns about the City not wanting to commit to an annexation plan and relying solely on developer led annexations for expansion. The City continues to insist that developer led annexations and sewer extensions are the only way the UGA will become part of the city limits. The County remains concerned that the high cost of extending services into the UGA will prevent any affordable housing from being developed in the UGA. Without collaborative planning between the City and County, the existing problems with low density single-family

development in the UGA not served by urban services will persist if a UGA expansion is allowed by the County.

Options Considered

Staff have assessed options for moving forward, and an options table has been included for the Board's consideration and decision.

Exhibits:

- UGA options table for BOCC (July 16, 2025)

Attachments:

- City's LCA Memo (Sept. 17, 2024)
- County's response letter (Nov. 4, 2024)
- City's response (Nov. 14, 2024)
- City's housing unit allocation response and UGA expansion request (April 22, 2025)
- County's mediation questions (May 23, 2025)
- City's mediation response (June 13, 2025)

Oak Harbor UGA Options – For Board Work Session on 7/16/2025

Options	General Description	Pros	Cons	Dwelling Units Accommodated	Timeline	Cost
(1) Reassessment of population forecasts	Per WAC 365-196-415.1, revise the countywide population forecasts. No UGA expansion and no zoning changes in existing UGA. County's Comp Plan to call for a Subarea Plan within the next 5 years to update zoning & dev regs for existing UGA.	Recognizes the consequence of the city's position that it need not plan for expansion of urban services or produce the required documentation to justify a UGA expansion.	Delays issues and costs to future planning period. Perpetuates the issues of (1) not enough housing where it is needed (2) low density development in UGA and (3) existing dense housing in UGA not being served.	3,735 (city) No UGA changes (Reduce forecasted growth by 1,797 units)	Finish end of '25 or early '26 *Depending on timing for revising CPPs.	\$0 now *Delays cost to future
(2) Existing UGA Rezone and Reassessment of population forecasts	Hire a consultant to assess capacity and alternatives for re-zoning existing UGA. No UGA expansion. Develop a phasing plan, per GMA to be coordinated with the City. Reassessment of forecasted population growth. An EIS and new ILA will be required.	Makes some progress toward encouraging redevelopment in existing UGA.	Rezoning and phasing of the existing UGA requires annexation and infrastructure plans from City. The City has communicated they won't produce a phasing / annexation plan or serve the existing UGA with sewer; any annexations and sewer extensions must be based on developer led requests. Developer led extensions are unlikely to result in affordable housing in the UGA.	3,735 (city) + ~464 (UGA) = 4,199 total (Reduce forecasted growth by ~1,333 units*) *Amount may be more or less depending on consultant studies	Finish ~6-9 months late	\$100 to 200k
(3) UGA Rezone and Expansion	Conduct an EIS to consider 2-3 UGA expansion options and rezoning of existing UGA. A new ILA will be required.	Doesn't require reassessment and accommodates all of the housing in the HAPT.	The County would take on another 742 units of 0-50% AMI housing (in addition to the 986 we're already planning for) to be accommodated in the UGA. Relying on developer led extensions is unlikely to result in the AMI levels needed to meet the HAPT numbers. This option will likely perpetuate the low-density sprawl issues in the existing UGA.	3,735 (city) + 1,797 (UGA) = 5,532 total	Finish ~1 year after we get a consultant on board for EIS	\$200 to 400k

MEMORANDUM

To: Cac Kamak – Principal Planner
City of Oak Harbor

From: Joel Farias and Clay White, Kimley-Horn and Associates, Inc
Matt Covert and Alex Capron, Facet

Date: September 17th, 2024

Subject: Land Capacity Analysis Memorandum

INTRODUCTION AND INITIAL FINDINGS

The City of Oak Harbor (City) contracted Kimley-Horn and Associates, Inc. (Kimley-Horn) to prepare a Land Capacity Analysis (LCA) consistent with the Growth Management Act (GMA) requirements in [RCW 36.70A.115](#) and [WAC 365-196-325](#). The LCA was prepared based on the adopted methodology within the Island County Countywide Planning Policies. The LCA reviews existing capacity for population, housing, and employment and options the City can consider to accommodate additional growth, consistent with its population and housing targets and employment projections.

Table 1 summarizes the initial findings of the LCA under existing conditions. **Overall, the City LCA shows insufficient total capacity for both housing and population allocations.** Early 20-year employment allocations from Island County show that **the projected employment capacity in the City is sufficient.** In addition, the LCA highlights a housing shortfall when comparing housing capacity and housing needs by income band. The largest deficits were found in the City's capacity to provide housing for the 0-30% Area Median Income (AMI), >30-50% AMI, and >50-80% AMI brackets under existing zoning. **Table 1** summarizes the findings.

Table 1: Initial Findings Summary

Subject	Findings
Housing Capacity	2,474 dwelling units
Housing Surplus (Deficit)	(3,059) dwelling units
Employment Capacity	1,770 jobs
Employment Surplus (Deficit)	551 jobs
Population Capacity	5,747 people
Population Surplus (Deficit)	(7,920) people
0-80% AMI Housing Surplus (Deficit)	(2,654) dwelling units
>80-120% AMI Housing Surplus (Deficit)	(406) dwelling units

TERMINOLOGY AND ACRONYMS

The following definitions are from the Department of Commerce housing resources and State code.

Affordable Housing	The United States Department of Housing and Urban Development (HUD) considers housing to be affordable if the household is spending no more than 30 percent of its income on housing costs.
American Community Survey (ACS)	This is an ongoing nationwide survey conducted by the U.S. Census Bureau. It designed to provide communities with current data about how they are changing. The ACS collects information such as age, race, income, commute time to work, home value, veteran status, and other important data from U.S. households. ACS data is commonly used for the Community Profile section of a housing needs assessment.
Area Median Income (AMI)	This is a term that commonly refers to the area-wide median family income (MFI) calculation provided by the Department of Housing and Urban Development (HUD) for a county or metropolitan region.
Accessory Dwelling Unit (ADU)	A dwelling unit located on the same lot as a single-family housing unit, duplex, triplex, townhome, or other housing unit.
Cost Burden	When a household pays more than 30 percent of their gross income on housing, including utilities, they are “cost-burdened.” When a household pays more than 50 percent of their gross income on housing, including utilities, they are “severely cost-burdened.” Or “extremely cost-burdened”.
Dwelling unit (DU, D/U, du, d/u)	A single unit providing complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.
Household	A household is a group of people living within the same housing unit. ² The people can be related, such as family. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit, is also counted as a household.
U.S. Department of Housing and Urban Development (HUD)	HUD administers federal housing and urban development laws. It collects, analyzes, and distributes housing data beyond what is collected through the U.S. Census Bureau. Data produced by HUD is heavily used in the analysis in this report.
Household Income	The census defines household income as the sum of the income of all people 15 years and older living together in a household.

Income-Restricted Housing	This term refers to housing units that are only available to households with incomes at or below a set income limit and are offered for rent or sale at a below-market rates. Some income-restricted rental housing is owned by a city or housing authority, while others may be privately owned.
Low-Income	Families that are designated as low-income may qualify for income-subsidized housing units. HUD categorizes families as low-income, very low-income, or extremely low-income relative to area median family incomes (MFI), with consideration for family size.
North American Industry Classification System (NAICS)	The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy (Census.gov).
Median Family Income (MFI)	The median income of all family households in the metropolitan region or county. Analyses of housing affordability typically group all households by income level relative to area median family income. Median income of non-family households is typically lower than for family households. In this report, both MFI and AMI refer to the U.S. Department of Housing and Urban Development Area Median Family Income (HAMFI).
Permanent supportive housing (PSH)	Subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors. Permanent supportive housing is paired with on-site or off-site voluntary services designed to support a person living with a complex and disabling behavioral health or physical health condition who was experiencing homelessness or was at imminent risk of homelessness prior to moving into housing to retain their housing and be a successful tenant in a housing arrangement, improve the resident's health status, and connect the resident of the housing with community-based health care, treatment, or employment services.

METHODOLOGY AND TARGETS

As part of the City of Oak Harbor's 2025 Comprehensive Plan Periodic update, an analysis of housing, population, and employment land capacities is required. This analysis is conducted utilizing Island County's LCA methodology as outlined in the [Countywide Planning Policies](#) (CPPs). The objective is to determine whether Oak Harbor possesses sufficient land densities and buildable lands to accommodate anticipated future growth.

Island County, in compliance with the 2021 Washington House Bill 1220 amendments to the GMA, has allocated projected growth to the City of Oak Harbor by population and income band. The allocation to the City are presented in **Table 2** and the resulting population targets are presented in **Table 3**. This new legislation requires jurisdictions to address the housing needs of extremely low-, very low-, low-, and moderate-income populations as part of their Comprehensive Plan updates. To satisfy this requirement, an analysis of the City's existing and proposed zoning and development regulations is required to show that the housing types and quantities that meet the need of each income bracket is available.

Table 2: City of Oak Harbor Permanent Housing Needs by Income Level (% of Area Median Income)

2020-2045	Total	0-30% Non-PSH	0-30% PSH *	>30-50%	>50-80%	>80-100%	>100-120%	>120%
Estimated Housing Supply (2020)	10,057	465	0	1,110	3,916	2,000	721	1,845
Oak Harbor Housing Targets (2020-2045) Allocation Method A	5,533	626	532	1,127	960	455	434	1,400

Source: *Island County Housing for All Planning Tool (HAPT)*, 2023

Table 3: Population Targets

City	2020 Total Population	2045 Population Allocation	20-Year Population Increase	20-Year Growth Rate
Oak Harbor	24,840	38,507	13,666	55%

Source: *Island County Housing for All Planning Tool (HAPT)*, 2023. Based on 2.47 persons per household, per ACS 5-Yr 2018-2022, Table S1101

CURRENT CONDITIONS

A detailed analysis was conducted on the City's existing conditions. The analysis included a review of the City's recently approved building permits, existing housing units, assessor parcel data, and City code. The most recent US Census Bureau data (2020) shows that there are 10,057 housing units in the city. The table below shows the housing units which have been built since 2020, are under construction, or will be built in the next couple years. These units are considered pipeline units.

Table 4: Pipeline Units (based off approved engineering permits, plat, and building permits)

Zone*	Number of Units
R-1	99
R-2	28
R-3	119
R-4	199
R-O	6
Total	451

*More information about the City's zoning districts can be found in the municipal code chapter [19.20](#).

DEVELOPMENT CONSTRAINTS AND ADJUSTMENTS

The Island County LCA Methodology found in the CPPs outlines which development constraints to apply for the LCA, a full list can be found in **Table 5** and **Table 6**. The CPPs also specify that "low probability for development" parcels be removed from the analysis and how those parcels are identified. They are defined as parcels which are:

- Tax exempt (parks, schools, churches, and public facilities)
- Gas stations and condos
- Tracts and easements for access, landscaping, stormwater, or other utility
- Other parcels identified by staff as being low probability for development (infrastructure constraints)

A total of 1,594 parcels, which met the above conditions, were removed from further analysis. The parcels consisted mostly of tax-exempt parcels. The other parcels which were removed were condos, tracts, easements, SNR/DSBL, U500, and "Reference Only" parcels. An additional 75 parcels were removed due to being pipeline parcels, church property that wasn't classified as tax exempt, parcels soon to be rezoned to public use, utility parcels, and mislabeled senior facilities.

The most significant constraint in Oak Harbor is the required Critical Area Constraint Factor, which represents the percentage of zoned land in the City which is constrained by critical areas and their buffers. Other constraints and adjustments are vacancy, seasonal/recreational use, public use, vacant parcel factor, re-development factor, and partially vacant factor.

Detailed constraint and adjustment information can be found in [Appendix A](#).

Table 5 shows the required constraints and adjustments under Island County CPPs. **Table 6** shows the required zone-specific adjustments.

Table 5: Required Constraints and Adjustments

Constraint/ adjustment factor	Constraint
Critical areas constraint	20.7%
Public purposes deduction	15%
Seasonal/recreational adjustment factor	0.9%
Market adjustment factor	Included within other adjustments
Vacancy rate adjustment	5.89% (calculated from adding up vacant, for sale, and for rent units in Census Table H5)

Table 6: Zone Specific Adjustments

Adjustment factor	Applicable Zone	Adjustment % from Island County CPPs
Vacant parcels adjustment factor	All zones (This factor means that the County assumes 10% of all vacant parcels will not develop in the next 20 years)	10%
Partially Vacant Parcels adjustment factor	Single Family Zones	Between 0-90% based on lot size.
Re-Development Factor	Multifamily, Mixed-Use Residential, Mixed-Use Commercial, and Commercial Zones	50%

DEVELOPMENT POTENTIAL

The Island County CPPs outline the methodology for how to calculate housing and employment development potential for each zone. For the residential zones each parcel is either occupied, vacant, or partially vacant. For mixed use, commercial, and industrial zones, each parcel is either built-out, vacant, or re-developable. Partially vacant is assigned to lots which already have a housing unit, but the lot size exceeds double the minimum lot size, therefore having potential to subdivide into two lots. As described in the constraints section, there is a sliding scale adjustment that takes into account the probability a lot would subdivide based on how many times larger the lot is than the minimum lot size. For example, a lot that is more than four times larger the minimum lot size would have a 0% adjustment, which implies that there is a 100% chance (before critical area and public use adjustments) the lot would subdivide in the 20-year planning period.

To determine the total net potential units from all zones, all the constraints and adjustments were applied, and it was found that there is capacity for a total of 2,023 dwelling units and 143 acres of employment capacity using the County CPP Methodology, which is based off minimum lot size for

density. **Table 7** shows the results of the housing capacity analysis per zone and **Table 8** shows the results of the employment capacity analysis per zone.

Table 7: Number of potential units, in dwelling units (using max density)

Zone	Vacant*	Re-developable*	Vacant + Re-developable	Critical Areas Deduction (21%)	Public Land Deduction (15%) and Total
R-1	399	1,422	1,821	1,444	1,227
R-2	150	31	181	144	122
R-3	35	247	282	224	190
R-4	155	290	445	353	299
R-O	28	22	50	40	33
C-1	18	20	37	30	25
CBD	73	14	87	69	58
CBD-1	28	23	51	40	34
CBD-2	45	8	53	42	35
Total	931	2,077	3,007	2,385	2,023

*The Vacant parcels adjustment of 10%, Re-developable factor of 50%, and the scaling partially vacant factor (between 0-90%) have already been applied to the results in these columns.

Table 8: Area with employment capacity potential, in acres

Zone	Vacant Acres	Re-developable Acres	Total Development Potential (Acres)	Critical Areas Deduction	Public Land Deduction
C-1	0.80	0.90	1.70	1.35	1.14
C-3	23.36	8.71	32.07	25.44	21.62
C-4	40.47	5.33	45.79	36.31	30.87
C-5	10.01	3.37	13.38	10.61	9.02
CBD	4.55	0.82	5.37	4.26	3.62
CBD-1	1.54	1.14	2.69	2.13	1.81
CBD-2	2.45	0.38	2.83	2.25	1.91
I	85.89	21.76	107.66	85.37	72.57
Maritime	0.87	0.00	0.87	0.69	0.58
All Zones	169.94	42.42	212.36	168.40	143.1

FINAL CAPACITY RESULTS

The total development potential per zone in **Table 7** is then used to find the total housing capacity in the City by adding in the pipeline units from **Table 4**. The results are shown in **Table 9**. By adding on the pipeline units, the total housing unit capacity under existing conditions is 2,474. Island County allocated 5,533 housing units to the City and these results show a deficit of 3,059 units.

Table 9: Housing Capacity

Zone	Residential Unit Potential	Pipeline Units	Total Units
R-1	1,227	99	1,326
R-2	122	28	150
R-3	190	119	309
R-4	299	199	498
R-O	33	6	39
C-1	25	0	25
CBD	58	0	58
CBD-1	34	0	34
CBD-2	35	0	35
Total	2,023	451	2,474

Using the total housing capacity of 2,474, census data was utilized to estimate the number of people that can be accommodated based on existing zoning in the city. Per census data the local average household size is 2.47. Occupancy rate was also considered and calculated using US census data, which shows that 5.89% of the housing units in Oak Harbor are unoccupied. **Table 10** shows the estimated population growth capacity of each zone under existing conditions compared to the projected population growth.

Table 10: Population Capacity

Zone	Total Units	Occupancy Rate	Total Occupied Units	Population Capacity
R-1	1,354	5.89%	1,248	3,082
R-2	150	5.89%	141	348
R-3	317	5.89%	291	718
R-4	498	5.89%	469	1,157
R-O	48	5.89%	37	90
C-1	25	5.89%	24	58
CBD	58	5.89%	55	134
CBD-1	34	5.89%	32	79
CBD-2	35	5.89%	33	81
			Total	5,747
			Target	13,667
			Projected Surplus (Deficit)	(7,920)

The results show in **Table 10** shows that there is insufficient capacity in the city to accommodate for the total projected growth under existing conditions.

Island County CPPs indicate that employment capacity be designated based off net developable acres in the commercial and mixed-use commercial zones at a rate of 17 employees per acre and industrial zones at a rate of 8 employees per acre. The net development potential was shown in **Table 8** and were used to calculate total employment capacity for the City.

Table 11: Employment Capacity

Zone	Net Developable Acres	Employment Density	Employment Capacity
C-1	1.14	17 per acre	19
C-3	21.62	17 per acre	367
C-4	30.87	17 per acre	524
C-5	9.02	17 per acre	153
CBD	3.62	17 per acre	61
CBD-1	1.81	17 per acre	30
CBD-2	1.91	17 per acre	32
Commercial Subtotal	69.99	17 per acre	1,186
I	72.57	8 per acre	580
Maritime	0.58	8 per acre	4
Industrial Subtotal	73.15	8 per acre	584
All Zones	143.14	Total	1,770 Employees

Table 11 shows that there is capacity for 1,770 jobs under existing conditions. Industrial zones make up 584 of this job capacity and commercial zones make up 1,186. Final job capacity allocations are still being computed by Island County, but initial projections result in a surplus of **551** jobs.

CAPACITY NEEDED BY INCOME BAND

Commerce guidance instructs cities to compare land capacity with housing needs by income band. Therefore, the analysis outlines, based on existing housing diversity and local conditions, which types of housing each zone permits and what income brackets and AMI they align with. For example, the R-2 zone in Oak Harbor allows detached single-family homes, duplexes, multifamily buildings, townhouses, supportive housing, and ADUs. Since these housing types have potential to serve different AMI brackets, there was a weight added to each of the housing types in the zones based on the probability of each housing type being built over the next 20 years. This breakdown for all the zones is shown in **Table 12** and **Table 13**. This probability is an assumption based on city staff knowledge, historical building trends, existing zoning, and existing market factors. Based on the weight of each housing type, a total capacity for each AMI bracket was able to be calculated by multiplying the weight by the total capacity in each zone.

The results are shown in **Table 14**. This weight is presented in the form of a ratio and the total ratio for each zone will ultimately add up to 1.0. The ratio is used due to zones allowing diverse housing types that serve multiple income brackets. The breakdown of the ratios used for each zone can be found in [Appendix A](#).

Table 12: Housing Types Commonly Affordable for each Income Level (AMI=\$102,000 per HUD)

Income Level	AMI Ranges	Housing Types
0-30%	\$0 - \$30,600	Subsidized or rent/income-restricted housing units, supportive housing
>30-50%	\$30,600 - \$51,000	High density, income restricted apartments or housing unit, supportive housing
>50-80%	\$51,000 - \$81,600	Mobile homes parks, Mid-high density apartments (3-4 floor apartment buildings, courtyard apartments, condos), ADU
>80-100%	\$81,600 - \$102,000	Manufactured home, duplex, triplex, low-mid density apartments (walk up apartments, condos, courtyard apartments, cottages), ADU
>100-120%	\$102,000 - \$122,400	Duplex, townhouse, manufactured home, triplex, quadplex,
>120%	\$122,400+	Detached Single-family, duplex, townhouse

Table 13: Housing types allowed in City Zones (OHMC 19.20.1050 Permitted uses)

City Zones	Housing Types permitted in each Zone
R-1	Single Family detached, duplex, Manufactured homes, ADU, supportive housing
R-2	Single Family detached, duplex, Mobile home/manufactured home parks, low-density multifamily, townhomes, cottage housing, ADU, supportive housing
R-3	Medium to high density multi-family (low-mid rise apartments, condos, townhomes), duplex, Manufactured homes, supportive housing
R-4	High density multi-family (apartments, condos), duplex, Manufactured homes, supportive housing

R-O	High density multi-family (apartments, condos), duplex, Manufactured homes, supportive housing
CBD	High density multi-family (mixed use)
CBD-1	High density multi-family (mixed use)
CBD-2	High density multi-family (mixed use) (45 ft height limit for residential uses)
C-1	High density multi-family (Mixed use apartments, condos)

Housing affordability capacity per zone can be calculated based on the above housing affordability assumptions and the total housing capacity shown in **Table 9**. The capacity was compared to the housing allocations set by Island County (shown in **Table 2**) to calculate the total surplus and deficit for each AMI bracket. The results can be found in **Table 14**.

Table 14: Housing Needs Results using Standard Zoning Regulations

Income Level (AMI ¹)	Income Bracket	Zones	Projected Housing Need	Projected Capacity	Surplus (Deficit)
0-30%	\$0 - \$30,600	R-4, CBD	1,158	67	(1,091)
>30-50%	\$30,600 - \$51,000	R-3, R-4, R-O, CBD, C-1	1,127	187	(940)
>50-80%	\$51,000 - \$81,600	All	960	336	(624)
>80-100%	\$81,600 - \$102,000	All	455	399	(56)
>100-120%	\$102,000 - \$122,400	All	434	325	(109)
>120%	\$122,400+	R-1, R-2, R-3	1,400	1,159	(241)
Total			5,534	2,474	(3,060)

1. AMI = Area median income

Table 14 shows that there is insufficient capacity in the city limits to accommodate for the projected housing need in all the AMI levels. There is the most potential capacity in zones (R-1) where allowed housing types (single family detached, duplex) are affordable for households making more than 120% of the AMI. This is mostly due to how large the R-1 zone is and that most of the development potential capacity is within the R-1 zone.

The largest deficiencies are seen in the 0-30%, >30-50%, and >50-80% income bands. The housing types that would need to be planned for to meet the allocation would need to be subsidized units, income-rent-restricted, supportive housing, high-density apartments, or affordable mobile home parks. Changes to existing regulations that subsidize, incentivize, and decrease barriers for the construction of housing types affordable to 0-80% AMI should be targeted. However, even with extreme changes to zoning regulations, availability of land area within City boundaries will ultimately limit capacity.

FINDINGS

The City's LCA found that there is insufficient capacity for the housing units allocated to the City by Island County. More importantly, there are large deficits when converting the total housing capacity to specific household income brackets. The following table shows the largest deficiencies that were found after comparing the net capacity per income bracket to the [County allocations in the CPPs](#).

Table 15: Housing Needs Results

Income Level (AMI)	Allocation per CPPs	Projected Capacity under Existing Conditions	Surplus (Deficit)
0-30%	1,158	67	(1,091)
>30-50%	1,127	187	(940)
>50-80%	960	336	(624)

The gap was found in the City's capacity to serve extremely low-, very low-, and low-income households (0-30%, >30-50%, and >50-80%). The housing types that typically serve these households are mid to high rise apartments, subsidized housing, supportive housing, and income restricted housing.

Before the potentially developable area for each zone was calculated, 1,594 total parcels were removed from the analysis due to being identified as "low probability for development". These are parcels that may interfere with the results of this analysis due to classifying as either vacant, re-developable, or partially vacant, but have close zero chance of developing. These parcels were access easements, tax exempt lots, public use lots, lots without access to essential infrastructure, and other special uses (condos, gas stations).

Final employment projections for each city are still under development by the county. Initial projections show that the Oak Harbor will need to plan for a total of 1,219 jobs within city limits by 2045. This analysis shows that there is capacity for 1,770 jobs under existing zoning. This means the City has sufficient commercial capacity within the city limits for future employment needs. Early projections were released July 25th, 2024, and can be found in [Appendix C](#).

The next step after this LCA will be to develop zoning regulations and standards that will help bridge the gap between the current estimated housing capacity and the housing capacity allocated to the City by the County. These solutions will be developed in conjunction with City staff, Planning Commission, City Council, Island County, local developers, local business owners, and the residents of Oak Harbor. Any additional capacity that can be added through zoning changes will decrease the housing burden on the County.

APPENDIX A

CONSTRAINTS AND ASSUMPTIONS

Assumptions

Assumed Housing Allocation Ratios

Residential Zones	0-30%	>30-50%	>50-80%*	>80-100%	>100-120%	>120%
R-1			0.05	0.05	0.1	0.8
R-2			0.15	0.15	0.25	0.45
R-3		0.1	0.25	0.3	0.25	0.1
R-4	0.1	0.25	0.25	0.3	0.1	
R-O	0.1	0.1	0.2	0.5	0.1	
C-1	0.05	0.1	0.2	0.4	0.25	
CBD	0.1	0.25	0.25	0.3	0.1	
CBD-1	0.1	0.1	0.3	0.3	0.2	
CBD-2	0.1	0.25	0.25	0.3	0.1	

**NOTE: PRDs give the option to increase base density by 30% with the provision that for every 5 bonus D/U, 1 affordable unit shall be built (under 80% AMI). Only applies to R-1 through R-4 zones*

Critical area buffers and methodology

For each UGA, compile all available critical area mapping information and merge these layers into a single layer to determine the total quantity of constrained acreage in each zoning designation. Calculate the percentage of land area within each UGA that is constrained by critical areas by comparing the number of acres constrained by critical areas to the total number of acres in each UGA. This calculation will result in a critical area constraint factor for each UGA.

- Downloaded Island County and NW wetland data and merged and dissolved into one wetland shapefile. (This also covers the streams that cross portions of the City's area.) This creates the file for Oak Harbor's wetlands.
- Downloaded Island County's 5-foot contours. Clipped using a rectangle Converted these to a slope raster and conducted a slope analysis. Converted to a polygon shapefile and deleted slopes under 15 percent. Dissolved all features for slopes ≥ 15 percent to get a steep slopes shapefile.
- Downloaded FEMA flood hazard areas GIS shapefile. This is the "frequently flooded areas" shapefile.
- Exported the City's Fish and Wildlife map to a JPEG. Loaded and georeferenced into a project in ArcPro. Created new feature classes for Garry Oak and Bald Eagle habitat.
- Merged the four sets of data above using Model Builder. Dissolved the resulting shapefile to get a critical areas mosaic shapefile.
- Performed a geometric union of this mosaic and the dissolved zoning shapefile (with definition query to exclude parcels without zoning) from #2 above.

- Selected features with a critical areas FID value of 1 and a zoning FID value of 1 to select all features that are within city zoning and are overlaid by the critical areas mosaic. Created a statistics table to calculate area.

After following the steps above, we calculate the following areas:

Area of city zoned land (excluding NAS-Whidbey Island): 2,931.2 acres

Area of city zoned land covered by critical areas: 605.43 acres

Percentage of city zoned land covered by critical areas: $605.43 / 2,931.2 = 20.7\%$

Zone Categorization

Based on available zoning or comprehensive plan information, sort all parcels into the following groups:

Parcels zoned for single family home development (freestanding homes, townhomes, or other forms of individual lot development);

In Oak Harbor, this is the R-1 zone.

Parcels zoned for multi-family or mixed-use residential development (apartments, condominiums, mobile home parks, and other forms of multi-unit per parcel development);

In Oak Harbor, this is the R-2, R-3, R-4, and R-O zones.

Commercial and mixed-use commercial zones; and

In Oak Harbor, this is the C-1, C-3, C-4, C-5, CBD, CBD-1, and CBD-2 zones.

Industrial zones.

In Oak Harbor, this is the I and Maritime zones.

Constraints

Constraint or adjustment factor	Definition from <u>Island County CPPs</u>	Constraint
Critical areas constraint	A number representing the percentage of land (specific to each area analyzed) which is presumed to be constrained by critical areas, and therefore less likely to be available for development.	20.7%
Public purposes deduction	In RAIDs and UGAs, 15% of available land will be needed for public purposes.	15%
Seasonal/	Some dwelling units will not be available for residential occupancy, as they are used for	0.9%

Constraint or adjustment factor	Definition from <u>Island County CPPs</u>	Constraint
recreational adjustment factor	short term rentals (e.g., VRBOs), second homes, etc. A seasonal/recreational factor will be based on the most current census data but may be refined using local data.	
Market adjustment factor	none	Included within other adjustments
Vacancy rate adjustment	A reasonable factor for vacant units will be based on the most current census data but may be refined using local data.	5.89% (calculated from adding up vacant, for sale, and for rent units in Census Table H5)

The CPPs also required adjustments specific to each zone.

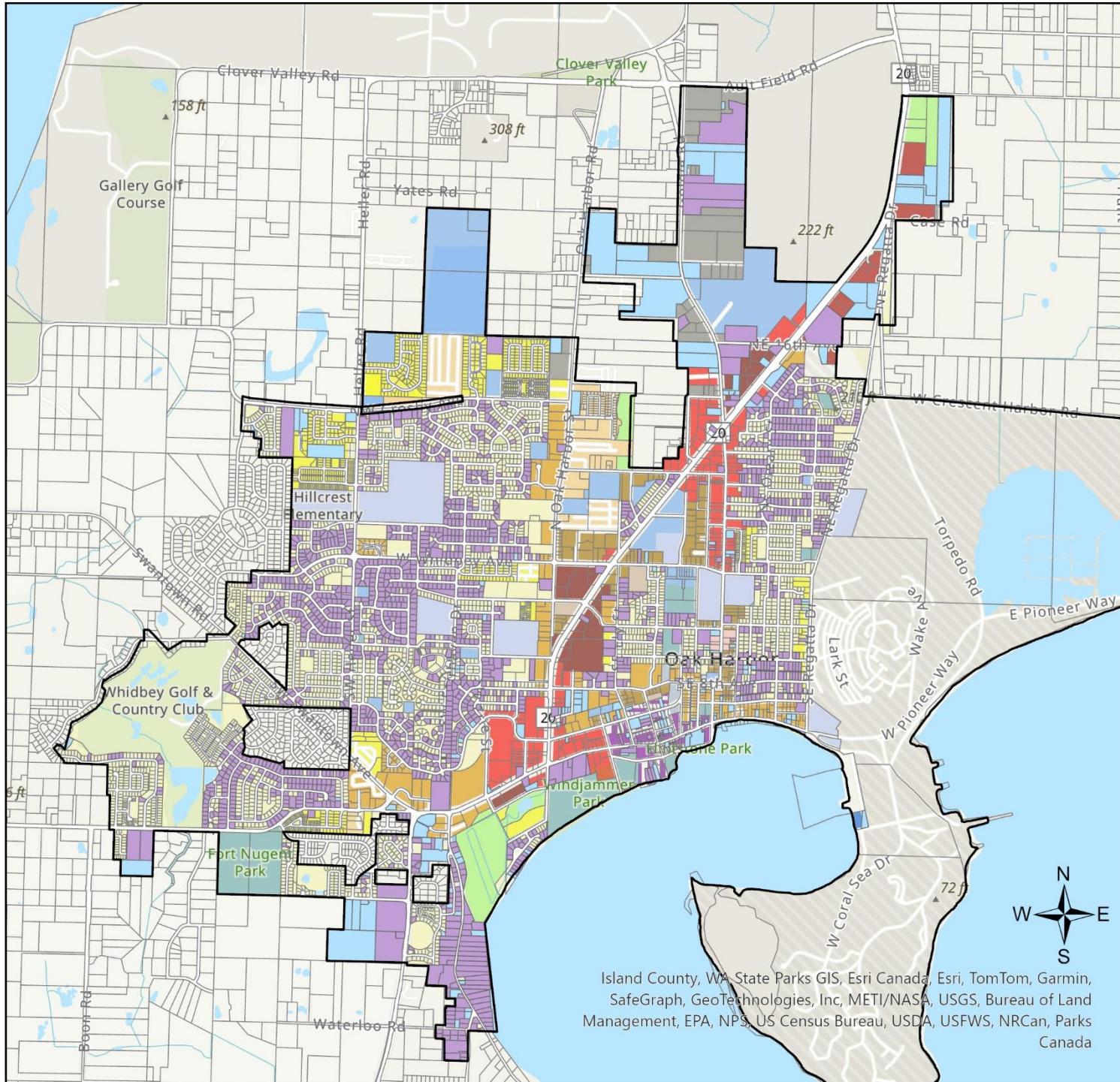
Constraint/adjustment factor	Applicable Zone	Adjustment % from Island County CPPs
Vacant parcels adjustment factor	All zones (This factor means that the County assumes 10% of all vacant parcels will not develop in the next 20 years)	10%
Partially Vacant Parcels adjustment factor	Single Family Zones	Between 0-90% based on lot size.
Re-Development Factor	Multifamily, Mixed-Use Residential, Mixed-Use Commercial, and Commercial Zones	50%



APPENDIX B

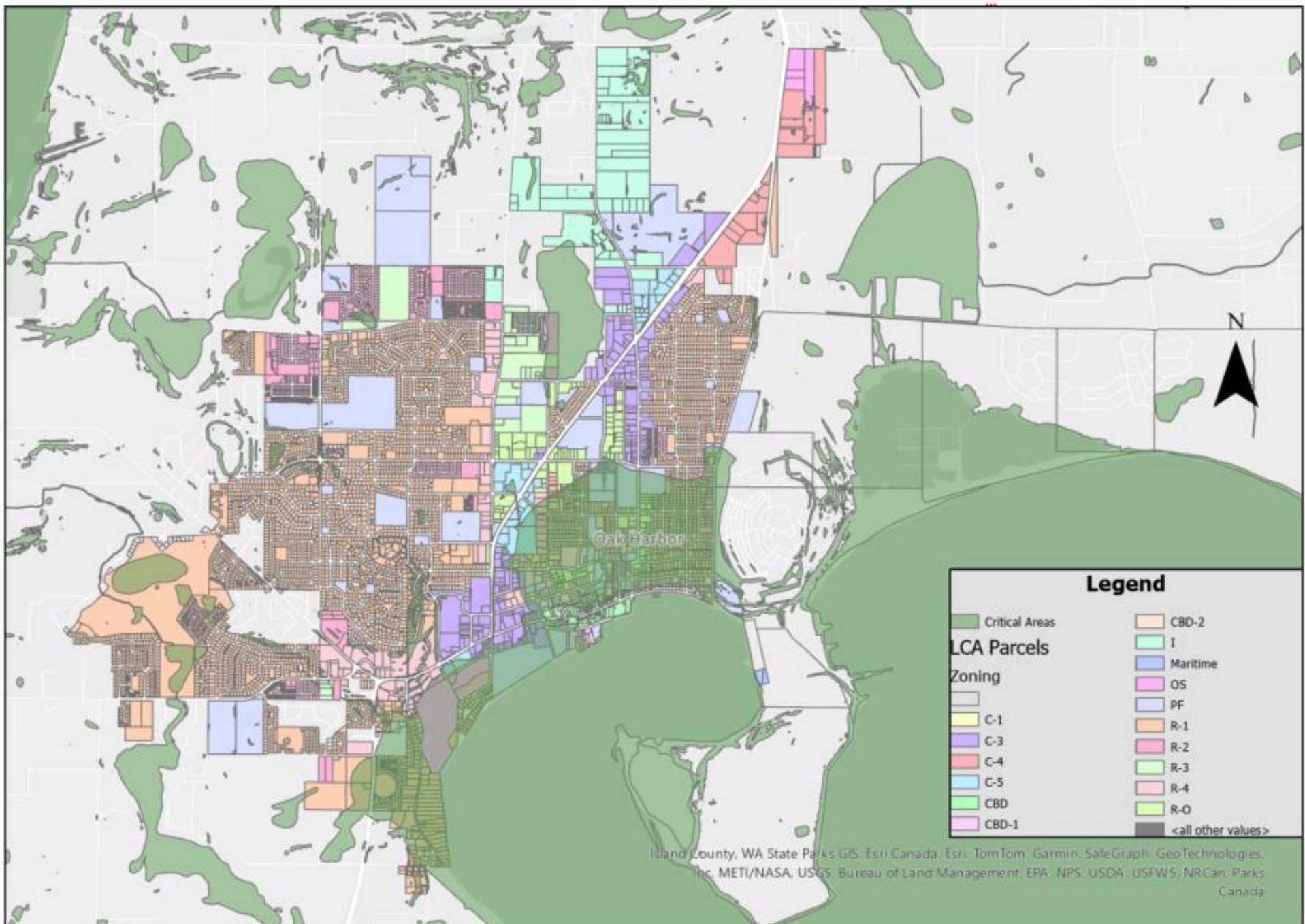
LCA MAPS

Oak Harbor LCA Map Max Density



Island County, WA State Parks GIS, Esri Canada, Esri, TomTom, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, US Census Bureau, USDA, USFWS, NRCan, Parks Canada

LCA Parcels with Critical Areas



APPENDIX C
HOUSING AND PRELIMINARY EMPLOYMENT ALLOCATIONS

Housing For All Planning Tool (HAPT)

Housing Units by Income Level

		Projection Year: 2045		Permanent Housing Needs by Income Level (% of Area Median Income)							Emergency Housing Needs (Temporary)
		Population Target = 102,639		Total	0-30%	>30-50%	>50-80%	>80-100%	>100-120%	>120%	
Island County		Countywide Estimated Housing Supply (2020)	37,272	1,210	18	2,915	7,479	5,878	4,734	15,038	116
		Countywide Additional Units Needed (2020-2045)	8,717	986	838	1,775	1,512	717	683	2,206	265
		Sum of Allocation to Jurisdictions (from User Inputs)	8,717	986	838	1,775	1,512	717	683	2,206	266
User Input - % Share of County Population Growth. Values must sum to 100%				100.00%	<-- Sum of user inputs for jurisdiction shares of county future net housing need. If below 100%, increase shares. If above 100%, decrease shares.						
				Met Target							
		Permanent Housing Needs by Income Level (% of Area Median Income)									
		Total	0-30%	>30-50%	>50-80%	>80-100%	>100-120%	>120%			Emergency Housing Needs (Temporary)
		* The location of 10 existing permanent supportive housing units within Island County is unknown. Therefore, they are not included in the jurisdiction table below.									
		Estimated Housing Supply (2020)	25,445	598	8	1,580	3,311	3,676	3,788	12,484	28
27.39 %		Allocation Method A (2020-2045)	2,388	270	230	486	414	196	187	604	73
		Estimated Housing Supply (2020)	1,017	73	0	191	162	77	118	396	0
		Allocation Method A (2020-2045)	350	40	34	71	61	29	27	89	11
		Estimated Housing Supply (2020)	743	74	0	34	90	125	107	313	21
		Allocation Method A (2020-2045)	446	50	43	91	77	37	35	113	14
		Estimated Housing Supply (2020)	10,057	465	0	1,110	3,916	2,000	721	1,845	67
		Allocation Method A (2020-2045)	5,533	626	532	1,127	960	455	434	1,400	168

A	B	C	D	E	F	G	H	I	J	K	L	M	N
	2022 Jobs Total	% Share	Est. 2045 Total	Difference	Urban Rural Split								
					Urban (City Limits & NMUGA)	Rural (UGA or County)							
1													
2	17,640		20,348	2,708									
3	Oak Harbor												
4	Military*	10,800		10,800	0	0	0						
5	Non-Military	6,233	45.00%	7,452	1,219	1219	256						
6	Coupeville	2,484	15.00%	2,891	406	406	0						
7	Langley	587	5.00%	722	135	135	0						
8	Island County	8,335	35.00%	9,283	948	95	597						
9													
10													
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15													
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18													
19													
20													
21													
22													
23													
24													

*NASWI current jobs of 10,800 includes 8,700 active duty and 2,100 civilians

Population to Employment Ratio

PER Calculations **2.16408443** **2.236530521**

2021 2045

State population 7,766,925 9,533,435

State employment 3,589,012 4,262,600

Change **0.07244609**

2022 2045

PER CALC **4.97165533** **5.044101417**

IC population 87,700 102,639

IC employment 17,640 20,348

Change in 20 years **2,708**

Notes:

Baseline jobs data pulled from ESD 2022.

Area specific baseline jobs data for 2022 was derived from Census 2021 data.

Percentage shares were derived by starting with where existing jobs are located

Freeland is 10% of County's overall share.

OH Rural allocation is 30% of County's rural share.



Island County Planning and Community Development

Jonathan Lange, AICP, CFM
Director

Physical Address: 1 NE 6th St, Coupeville, WA 98239 Mailing Address: 1 NE 7th St, Coupeville, WA 98239

Ph: Whidbey 360-679-7339 | Camano 360-387-3443 | Fax: 360-679-7306

Email: PlanningDept@islandcountywa.gov | www.islandcountywa.gov/207/Planning-Community-Development

City of Oak Harbor
David Kuhl, Planning Director
Cac Kamak, Principal Planner
Planning & Development
865 SE Barrington Drive
Oak Harbor, WA 98277

November 4, 2024

Dear David and Cac,

Thank you for sharing the results of the City's Land Capacity Analysis and options for increasing capacity in the city limits. County staff reviewed the findings and have the following feedback.

Area Median Income Distribution

In negotiating our Countywide Planning Policies (CPPs), the County worked with the jurisdictions on a fair share approach to dividing up the housing allocations at all income levels. We discovered late in the process that Commerce had intended all of the 0-50% Area Median Income (AMI) level housing would go in the cities and their Urban Growth Areas (UGA). The County and the cities agreed that we would deviate from Commerce's suggestion and move forward with the fair share approach we had negotiated.

The Housing For All Planning Tool (HAPT) provided by Commerce ensured that each jurisdiction received a proportional share of housing at each AMI level. The County recognizes there wasn't a clear methodology for the City to approximate how much growth would go in the city limits vs. the UGA, and we appreciate the City's work in determining the existing capacity and creating options for increasing capacity. However, the distribution of growth the City has proposed for the city limits vs. the UGA places a disproportionate amount of the lower income growth in the UGA. Under Option 3 in the City's memo, the City would be accepting 3,477 total housing units and 25% of those units would be in the 0-50% AMI range. The UGA, by comparison, would be accepting 2,057 units and 69% of those units would be in the 0-50% AMI range. Our CPPs state in Appendix B "Each jurisdiction should accommodate an equitable allocation of new housing for each income level..."

The County suggests, as a path forward, that we take the capacity numbers for the city limits and UGA and put them back into the HAPT tool to ensure that each area receives a proportional share of AMI levels.

Capacity in the UGA

Regarding capacity in the UGA, County staff evaluated the areas of the UGA that are appropriate for residential growth and assessed capacity at City zoning standards. CPP 3.6.4 states "Within UGAs, provisions must be made to ensure that necessary urban services are available or in place prior to, or concurrent with, urban development." Given the current lack of services in the UGA, and the likely timeline

for extending existing services to the UGA, staff assumed a modest amount of density could be accomplished in the next 20-years and evaluated R-1 zoning in the UGA. This analysis resulted in a capacity of 464 units for the UGA.

New Urban/Rural Split with HAPT AMI Distribution

County staff put the numbers proposed by the City for the city limits (3,477 + 260 units added back in from the critical areas analysis) and proposed by the County for the UGA (464) into the HAPT to generate new AMI break downs, as shown below. In the numbers below, the urban and rural areas have received an equal share (41%) of 0-50% AMI housing.

AMI Income Level	Projected Housing Need	Urban (City Limits) Capacity	Rural (UGA) Capacity	Deficit
0-30%	1158	781	97	-280
30-50%	1126	761	94	-271
50-80%	960	648	80	-232
80-100%	455	307	38	-110
100-120%	433	293	36	-104
120%+	1400	945	119	-336
Total	5,532	3,735	464	-1,333

Next Steps

There are still significant deficits in capacity in the City and UGA, and we are left with 1,333 units to plan for. Notably, the deficit includes a significant amount (551 units) of 0-50% AMI housing. It would be inappropriate and inconsistent with the GMA to place this AMI housing growth in a UGA expansion.

The 0-50% AMI housing should be located in areas with vital transportation and social services that our most vulnerable populations depend on. It is not an equitable or legally defensible solution to place such a significant amount of the 0-50% AMI housing at the outskirts of the City. RCW 36.70A.110(3) directs that “[u]rban growth should be located first in areas already characterized by urban growth that have adequate existing public facility and service capabilities to serve development...” Our CPP 3.10.6 also supports this “Development of multi-family affordable housing should be encouraged near major employment opportunities, public services including healthcare, public transportation, retail...” CPP 3.4.3 also supports the citing of 0-50% AMI in the City and UGA “Planning policies and development regulations should be adopted by the county and the municipalities to ensure that urban development is not wasteful of land or resources, and that urban development proceeds in an orderly contiguous fashion.”

We understand that the City is interested in considering a UGA swap or expansion to accommodate the capacity deficit. The County has grave reservations about pursuing either option before exhausting other possibilities favored by the GMA and our CPPs. The Department of Commerce shares the County's concerns, as documented in an October 29, 2024, email from Senior Planner Lexine Long. Ms. Long recommends that the City re-examine the possibility of “increasing density and infill within the City” first.

In consideration of these significant issues that confront us, we invite the City to join us in exploring additional options to create more capacity in the city limits and the UGA. This is precisely what the CPPs that we all agreed to requires in Section 3.3.5:

[I]n considering potential UGA expansion scenarios, municipalities should consider alternative measures such as increasing densities allowed within their existing UGA or altering the uses allowed by their land use plan and zoning regulations. The viability of such measures should then be discussed with the County. In determining the viability of such measures, the municipalities may consider a full range of economic, social, and real estate market factors.

WAC 365-196-300(4)(e), which discusses factors to consider for establishing urban densities also supports this approach: "Densities should allow counties and cities to accommodate new growth predominantly in existing urban areas and reduce reliance on either continued expansion of the urban growth area or redirecting significant amounts of growth to rural areas."

We realize the significant role that Oak Harbor is playing in this comprehensive plan update in meeting the growth needs for the County. We are committed to working with the City to find an agreeable resolution that both parties can support. If an agreement cannot be reached through a new Interlocal Agreement (ILA), we will have to go backward in our process to renegotiate the CPPs and follow Commerce's guidance of placing all the 0-50% AMI growth in the cities. We hope we can continue to move forward together in this process. We will be in touch to schedule our next staff discussion on ILA changes in November.

Sincerely,

Jonathan Lange, AICP, CFM
Planning & Community Development Director
j.lange@islandcountywa.gov
360-678-7821

CC:
Ronnie Wright, Oak Harbor Mayor
Sabrina Combs, Oak Harbor City Administrator
Emily Neff, Island County Planning & Community Development
Board of Island County Commissioners
Lexine Long, Department of Commerce



November 14, 2024

Island County
Attn: Jonathan Lange
1 NE 7th Street
Coupeville, WA 98239

RE: Comprehensive Plan Discussions

Dear County Planning Staff,

Thank you for your letter dated November 4, 2024, regarding the City's Land Use Capacity Analysis (LCA) and Land Use Options memo. We appreciate the continued dialogue on this important matter and would like to acknowledge the productive meetings held on September 26, October 3, and October 8, where we discussed the LCA and reached agreement on including capacity analysis in locally designated critical areas.

With regards to the Area Median Income (AMI) distribution, the city stands by the existing LCA analysis and Options memo. The City is willing to accept densities and income levels integrated/distributed in the UGA where services are located. The UGA was reserved for urban development of all densities.

On capacity in the UGA, we would like the County to provide a document on the existing capacity and consider various options for change to accommodate the deficient housing needs. The City would like to recommend a mix of densities for the current UGA. The currently proposed low density is likely not the highest and best use of the UGA.

The City is willing to consider higher densities in the UGA. We also understand that changes in the UGA can be challenging, but it should not be surprising given the pressure on the county and municipalities to accommodate the new income-bracketed housing allocations. The City is willing and committed to working with the County on this.

The City has diligently followed the process outlined in the Countywide Planning Policies (CPPs) and the Growth Management Act (GMA) requirements. Our comprehensive work on the LCA and Options memo demonstrates this commitment. However, we note some fundamental differences in perspective regarding Urban Growth Area (UGA) planning that need to be addressed.

Key Points of Consideration:

1. Legislative Framework and Authority

- Per RCW 36.70A.110, UGAs are designated for urban growth and urban densities
- The City maintains sole authority over land use decisions within city limits
- The County bears responsibility for UGA management outside city limits
- Both entities must coordinate on UGA planning per Washington State law



2. City's Completed Work

- Comprehensive LCA within city limits
- Development of multiple options for increasing capacity
- Implementation of density changes since 2016 (reduced minimum lot sizes, setbacks, lot coverage)
- Consideration of development regulation changes and rezones

3. Outstanding County Analysis

- LCA for the UGA portions under county jurisdiction
- Development regulation changes or land use/zoning options for the existing UGA
- Practical assessment of service provision in UGA areas
- Evaluation of development potential in the UGA

Path Forward: We see two potential paths forward and invite the County to consider which best serves our shared constituents:

Option 1: Independent Progress

- City proceeds with Comprehensive Plan update based on completed analysis
- City implements identified capacity increases within city limits
- County assumes responsibility for remaining allocation in the UGA per RCW 36.70A.110
- County develops independent solutions for remaining capacity requirements

Option 2: Collaborative Approach

- Accept City's LCA and Options memo as foundation
- Establish agreed-upon unit count for UGA accommodation
- Joint evaluation of UGA options (upzoning, trades, etc.)
- Potential joint Environmental Impact Statement (EIS)

EIS Considerations: The City is preparing to undertake an EIS to support increased density within City Limits. We could pursue this either:

- Independently, based on current LCA and options
- Jointly with the County to address both City and UGA needs

We remain committed to collaborative planning while adhering to our statutory obligations. However, we must emphasize that the City has completed its analytical work as required by law. We await the



County's corresponding analysis of the UGA before proceeding with further discussions about capacity distribution or methodology changes.

The City maintains its commitment to the GMA goals and policies, as evidenced by our continued efforts to support growth through practical, implementable solutions. We invite the County to join us in this effort by completing its required analysis of the UGA and engaging in meaningful dialogue about realistic growth accommodation strategies.

We look forward to receiving:

1. The County's LCA for the UGA
2. Proposed development regulation changes for the UGA
3. Analysis of service provision feasibility
4. Practical growth accommodation strategies

Please indicate your preferred path forward so we can proceed efficiently with our planning efforts. We remain available to discuss these matters further and work toward solutions that serve both our communities' needs while maintaining compliance with state law and our shared planning obligations.

Sincerely,

A handwritten signature in black ink, appearing to read "David Kuhl".

Director of Development Services David Kuhl

CC: File

Mayor Ronnie Wright
Mayor Pro Tempore Tara Hizon
Councilmembers Eric Marshall and Jim Woessner
City Administrator Sabrina Combs
Island County Board of Commissioners



April 22, 2025

Island County

Jonathan Lange, Planning & Community Development Director Island County
1 NE 6th Street
Coupeville, WA 98239

RE: Response to Revised Oak Harbor Housing Unit Allocation

The City of Oak Harbor has reviewed the revised housing unit allocation proposed in your letter dated November 4, 2024, and has identified potential rezonings and development regulation changes to accommodate the revised distributions. The revised Land Use Changes Memorandum is attached for your reference.

The City will conduct a thorough evaluation of all proposed options outlined in the memorandum with community input. This public engagement process will help determine the most appropriate tools to meet the target allocation while furthering the Community's vision. Community input regarding these recommended proposals will be solicited during the overall update this summer, after which the City Council will deliberate on amendments that best align with the City's long-term vision.

Regarding the Urban Growth Area (UGA), Island County's Land Capacity Analysis indicates insufficient capacity within the current UGA to accommodate the deficit allocation of 1,333 units. Accordingly, the City has prepared the attached map indicating preferential growth areas. Our proposal includes a request to exchange 26 acres of commercially designated property near Crescent Harbor Road and Regatta Drive, which is constrained by noise impacts. This commercial acreage can be relocated to the expansion areas to create a mix of community and neighborhood commercial use.

To accommodate the residential growth deficit, a minimum of 222 acres will be required. The City's proposal exceeds this minimum to address the following considerations:

- Acreage impacted by wetlands and critical areas
- Serviceable topography and logical extension of infrastructure
- Development of neighborhood commercial centers
- Long-term infrastructure needs

Most proposed expansion areas are contiguous to existing city limits and considered serviceable¹. The proposal includes lands on Swantown Road (Wieldraayer) as recommended by the City Council to facilitate future extension of city utilities to serve the Hillcrest area. While this area is not currently contiguous to City limits and includes Lands of Rural Significance (LRS), it would provide capacity for future development, though it is less likely to contribute toward the 20-year target.

The proposed acreage is distributed as follows:

Removal/Trade:

- Crescendo (Crescent Harbor Rd x Torpedo Rd) : 26 acres (Commercial)

Expansion:

- Helsby (Crosby Ave x Heller Rd): 52 acres (Residential), 15 acres (Commercial)
- Fort Boon (Fort Nugent Rd x Boon Rd): 146 acres (Residential), 6 acres (Commercial)
- Waterloo Rd x SR 20: 52 acres (Residential), 19 acres (Commercial)

Expansion Option:

- Wieldraayer: 71 acres (Residential), 8 acres (Commercial)
- Wieldraayer LRS: 39 acres

Total expansion area: 321 acres (Residential), 48 acres (Commercial), for a combined total of 434 acres including the Wieldraayer LRS area.

It is important to note that the unincorporated UGA (both current and amended) is not under the City's zoning or development authority. Therefore, urban development or density can only be achieved through annexation. The timeline for urban-density development within the planning period will depend on implementation strategies formulated outside the major update process. These may include jurisdictional annexations between the County and City for larger areas to create additional opportunities for land development to meet growth targets.

Neither this letter nor the acknowledgment of assumed densities in the UGA constitutes acceptance of providing infrastructure prior to annexation. Annexation remains a requirement for infrastructure connections.

To proceed with the 2025 Comprehensive Plan Update, the City will adopt the revised distribution suggested by the County as the 20-year target for its jurisdiction. Establishing these targets and general growth demands will likely necessitate an Environmental Impact Statement (EIS) to assess the impact of the proposed development regulation changes. Details and processes are still under consideration, along with potential impacts on the update schedule.

¹ City services such as water and sewer can be extended by property owner/developer. A small percentage of properties may need on-site systems to connect to existing developed system due to slopes and terrain.

In the interest of completing the major update and related actions in a timely manner, the City will proceed with the revised targets. For utilities planning purposes, the City will incorporate the proposed expansion areas indicated in the attached map.

Since the UGA boundary falls under County authority, the City respectfully requests that the County, following its environmental review (SEPA) process, transmit a copy of the final UGA map that will be under consideration for adoption with the County's Comprehensive Plan.

Sincerely,



David Kuhl, Development Services Director

Attachments:

1. Revised Land Use Changes Memorandum
2. Proposed UGA Expansion Map

CC:

Ronnie Wright, Oak Harbor Mayor
Oak Harbor City Council
Jill Johnson, County Commissioner
Sabrina Combs, Oak Harbor City Administrator
Rajesh "Cac" Kamak, Principal Planner
Lexine Long, Department of Commerce

MEMORANDUM

To: David Kuhl – Director of Development Services and Cac Kamak – Principal Planner
City of Oak Harbor

From: Joel Farias and Clay White
Kimley-Horn and Associates, Inc.

Date: March 14th, 2025

Subject: Land Use Changes Memorandum

INTRODUCTION

The City of Oak Harbor recently completed a Land Capacity Analysis (LCA), consistent with the Island County Countywide Planning Policies and Growth Management Act (GMA) requirements. The existing conditions LCA found that there is a population and housing capacity shortfall. Employment capacity allocations set by Island County indicate that there is sufficient commercial and industrial capacity to meet projection.

The purpose of this memorandum is to outline possible code options and strategies that the City of Oak Harbor is considering to reduce the population and housing shortfall. Options are designed to increase capacity but also align with growth that may be market available during the planning period.

The main goal of these code options is to meet the revised Oak Harbor housing unit allocation in the memo sent from Island County titled “11.4.2024 IC Letter to Oak Harbor on LCA” sent in November 2024. In the memo, Island County proposes to reallocate the City’s housing target as follows:

Table 1. Revised Housing Allocation for City of Oak Harbor

AMI	Projected Housing Need
0-30%	781
>30-50%	761
>50-80%	648
>80-100%	307
>100-120%	293
>120%	945
Total	3,735

The City will use the strategies in this memo to increase the City’s land capacity for more affordable home types as outlined in the revised allocation table from Island County.

CODE OPTIONS

Several existing zoning regulations in the City of Oak Harbor code were analyzed as part of this preliminary study. The regulations which were identified to create the most capacity was building height, max lot coverage, and max density. These regulations were chosen in specific based on a code analysis of nearby cities experiencing similar levels of rapid growth (Mount Vernon, Marysville, and Arlington). Recently completed residential developments and developments currently under review were also examined as part

of this analysis to determine if developers were building at maximum densities, lot coverage, and building height.

Early code change options would need to happen together between building height, lot coverage, and density. Initial results show a substantial increase in capacity. **As a reminder, code changes were prioritized by their potential to increase the capacity of housing units affordable to households making under 80% of the AMI.** These housing units are typically mid-rise apartment developments (includes mid-rise mixed-use developments) and subsidized housing.

The preferred code changes focus on increasing development standards like building height, lot coverage, required parking, and open space. Specific areas of the City were also analyzed which represent potential areas where rezones to a mixed-use residential, transit-oriented zone type could be considered. The potential code options in **Table 2** were prepared in coordination with City of Oak Harbor staff.

Table 2: Multifamily Zoning Code Change Consideration Summary

Multifamily Zones (R-2, R-3, R-4) existing regulations	Current Code Requirement	Possible Code Change
35 ft Building Height limit	The existing 35-foot building height restriction spans every residential zone. This restriction typically limits developments to a maximum of 3 livable stories. This prohibits mid-rise multifamily which mainly serves below 80% AMI households.	Consider the following building height ranges: R-2: 40-45 ft R-3: 45-55 ft R-4: 55-65 ft <i>Note: 60 ft building height allows for 5-over-1 (5 floors wood over first floor concrete) construction.</i>
45% Max Lot Coverage	On a 1-acre property, only 19,602 sf will be available for buildings.	Scale max lot coverage from 60% in R-2 up to 80% in R-4. <i>Note: Assumption is that lot coverage and impervious surface limit will be combined, and a percentage range from 60% to 80% may be implemented depending on discussion with stormwater staff</i>
Max Densities R-2: 12 D/U per Ac R-3: 18 D/U per Ac R-4: 22 D/U per Ac RO: 22 D/U per Ac	The max densities per acre in these zones doesn't scale with any other regulation (all the residential zones have the same max building height, max lot coverage, and max impervious surface). By increasing those regulations, the max densities should also be increased.	Max Density considerations: R-2: 18-22 D/U per Ac R-3: 34-40 D/U per Ac R-4: 46-52 D/U per Ac (minimum density should be about 50-75% of the max density)
Inclusionary zoning	Incentivizing affordable housing through bonuses to density will increase the capacity for housing affordable to households making 0-30% AMI.	Consider bonus density and building height in all zones with the inclusion of permanently affordable homes.
1.5 off-street parking spaces per dwelling unit	On a 1 acre property with 22 D/U (R-4 zone), a total of 33 parking spots would be required which is about 6,600 sf of the lot (assuming 200 sf per parking stall 10'x20'), about 15% of the lot.	Scale required parking spaces from 1 for each studio/1 bd to 2 for 3+ bd units.

For existing zones allowing mixed-use developments the following code options should be considered:

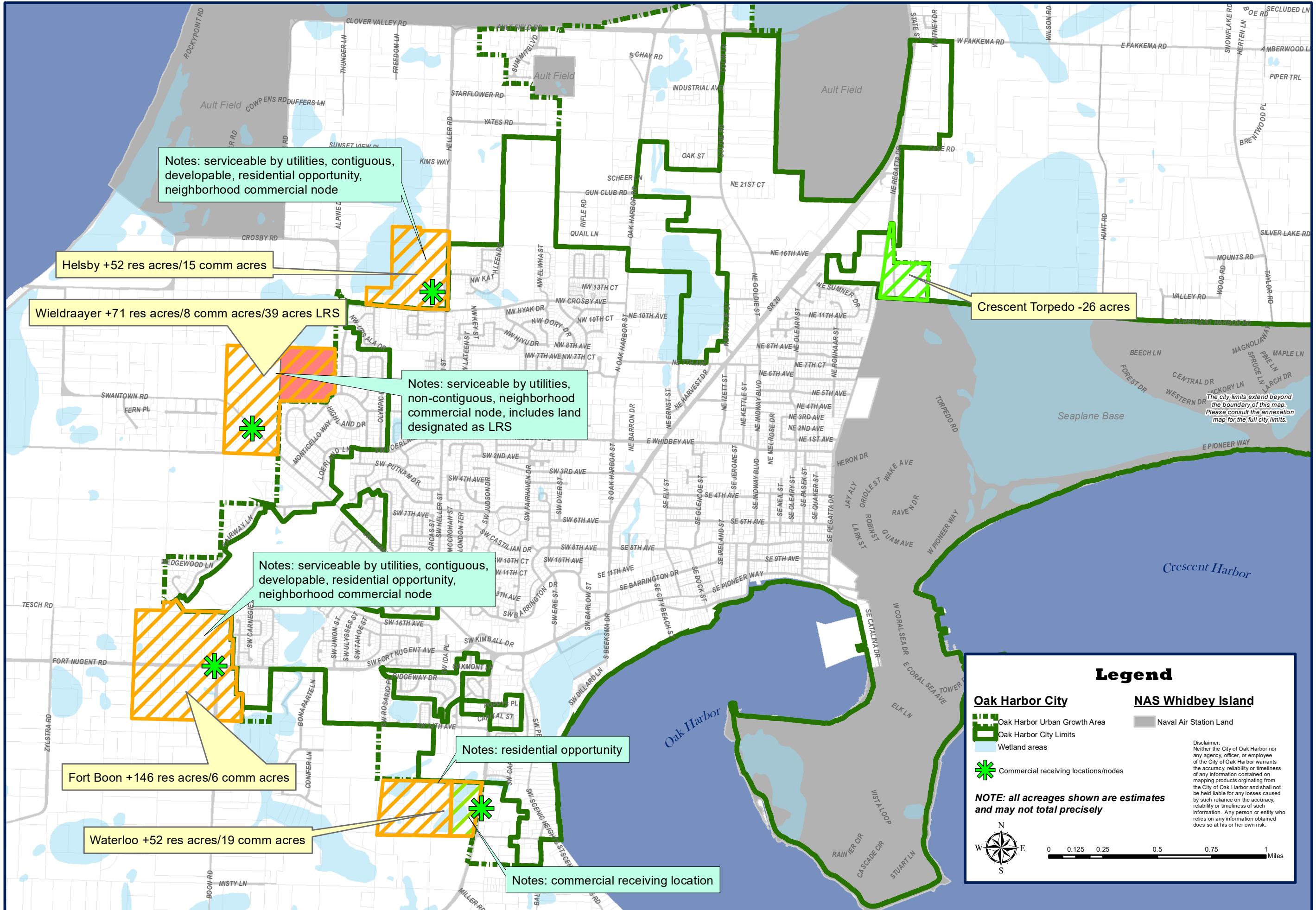
- Inclusionary zoning regulations
- Increase in maximum building height limit
- Incentivize residential density in mixed-use zones

- Create a methodology for locating suitable areas for transit-oriented developments
- Parking requirements

Existing development options that will be analyzed for further capacity:

- Incentives for Accessory Dwelling Units in single family zones
- Property owner-initiated rezoning from R-1 to R-2 or R-3 as allowed by OHMC 19.12. The R-1, R-2, and R-3 zones make up the “Low Density Residential” Comprehensive Land Use. Proposed revisions to the R-2 and R-3 zone will impact the likelihood that a property owner may rezone their R-1 or R-2 zoned property to a higher intensity zone. This would increase existing residential capacity in those zones.

UCA Proposes





Island County Planning and Community Development

Jonathan Lange, AICP, CFM
Director

Physical Address: 1 NE 6th St, Coupeville, WA 98239 Mailing Address: 1 NE 7th St, Coupeville, WA 98239

Ph: Whidbey 360-679-7339 | Camano 360-387-3443 | Fax: 360-679-7306

Email: PlanningDept@islandcountywa.gov | <https://www.islandcountywa.gov/207/Planning-Community-Development>

MEMORANDUM

5/23/25

TO: Mediation Services, Commerce, and Oak Harbor
FROM: Island County Planning & Community Development
RE: Mediation Brief for 5.28.25 session

1. Questions you need addressed to be able to accept or amend the proposal.

The County is pleased to see that Oak Harbor has adjusted capacity in the city limits to meet the 3,735 dwelling units and HAPT assigned AMI numbers. This is a step in the right direction toward coming to an agreement.

The County had previously requested to continue the conversation with the City about how we could adjust density in the existing UGA and city limits prior to considering an expansion (as documented in our November 4, 2024 letter). RCW 36.70A.100 and WAC 365-196-510 and 520 state that jurisdictions are meant to be working collaboratively so that our plans are consistent.

Question 1: Is the City willing to have this discussion with the County?

The County holds the authority for a UGA expansion. WAC 365-196-310(3)(d) states that the County may request justification from the city for why they designated the areas they did for a UGA expansion.

Question 2: Is the City willing to provide the following information on how the lands for the UGA expansion area were determined to help the County make a determination?

- How was the 434 acres of UGA expansion area determined? What were the density assumptions used to calculate the acres and what process was used to identify the specific parcels?
- More information is needed on why the LRS lands are included and how they would reasonably contribute to facilitate future extension of utilities to Hillcrest.
- What is the record of public involvement and interactions with affected landowners that informed the development of the proposed UGA maps?

- What proposed changes to its Capital Facilities Plan has the City made or considered to serve the existing UGA and new UGA expansion areas over the 20-year period?

2. Concerns you have about the next steps to implement the proposal.

Concern 1:

The City's land capacity analysis does not include enough detail or alternatives analysis for the County to fully understand capacity constraints or assess its validity. The County is concerned that the UGA expansion will not be defensible against inevitable challenges by third parties. It will be the County that bears the consequences of a non-compliant Comprehensive Plan update.

Concern 2:

The County is concerned about statements in the City's April 22, 2025 letter that indicate the City makes no commitment to provide infrastructure to the UGA prior to annexation, and the timeline for urban density development will depend on strategies formulated outside the major update process. The County understands that it is a requirement for cities to include infrastructure planning to serve the UGA as a part of their comprehensive plan update.

Concern 3:

Time is short to complete our periodic updates by the end of the year.



June 13, 2025

SENT VIA EMAIL

Island County
Attn: Jonathan Lange
1 NE 7th Street
Coupeville, WA 98239

RE: Updated Mediation Session Summary Response with Attachments

Dear Jonathan,

The following is our updated response to the document from Center for Resolution that we received on Monday, June 2, 2025. We have attempted to respond to the items listed based on categories provided by the Mediator.

This updated letter includes the attachments missing from the first submission and some reformatting to make reviewing the document easier. Additionally, we corrected a numerical error.

A. Timeline for next steps – CDR

May 29, 2025 by 6 pm

- The first bullet is incorrect. We did not have the agreed upon amount of time to complete responses because we agreed to one day to receive the summary from the mediation (May 29, 2025) and one full week to respond to it. Due to the limited time provided, here are the City's responses to the questions listed and our questions for the County within the deadline of 5 pm of June 6, 2025.
- The City's Land Capacity Analysis (LCA) was previously provided. We have attached them again for your reference. Note, the documents have included "draft" because the City was sharing them with the City Council and County before finalizing them. If the County is seeking other documentation other than the documents provided, please specify the documents and format you want us to provide.

June 6, 2025 by 5 pm

The City has responded below to the questions we received during the mediation and has included additional questions that we have for the County. Let us know if we missed any questions the County was seeking answers to.

Under Item C for Prioritized Questions

First Bullet – County Question to City (Housing Targets and Density)

Simple answer is no. The City has already adjusted numbers at the County's request.

The City recognizes the importance of regional collaboration and appreciates the County's ongoing efforts. However, since housing targets are a critical component of the City's Comprehensive Plan Update, we are hesitant to revisit the conversation around further adjustments to density at this time. Additionally, we don't want to further delay the process.

The City's initial Land Capacity Analysis (LCA), submitted to the County, adhered to the process outlined in the Countywide Planning Policies (CPPs) and included potential adjustments to both development regulations and land uses. Recognizing the timeline challenges, the City combined multiple planning steps and proactively included increased density options in the LCA, in accordance with WAC 365-196. This approach satisfies the relevant CPPs, RCWs, and WACs.

In its letter dated November 4, 2024, the County encouraged the City to consider absorbing a higher proportion of housing in the 0–80% AMI bracket, including a reallocation of units between Oak Harbor and its UGA. The City reviewed this request in good faith, despite the deviation from the agreed CPP process, and with input from legislative bodies.

The resulting redistribution options have pushed the City's development regulations to near maximum thresholds, with likely consequences for stormwater systems and other infrastructure capacities.

From the City's perspective, the County's November 4, 2024 letter represented an effort to formalize targets for both the incorporated City and the unincorporated UGA. The City has since responded with a good-faith proposal that exceeds its expected share. Accordingly, we believe this issue has been thoroughly addressed, and no further discussion is warranted at this time.

The County has mistakenly claimed that WAC 365-196-310(3)(d) states it may request justification from the City for why the City suggested certain areas for UGA expansion. In fact, WAC 365-196-310(3)(d) imposes a requirement on the County, not on the City. In the event the City and County fail to reach agreement as to the UGA, WAC 365-196-310(3)(d) then requires the County to justify in writing its designation of urban growth areas.

Second County Asks Bullet (Regarding April 22, 2025 document)

Answer to first sub-bullet regarding 434 acres of UGA Expansion:

The City based its UGA acreage estimate on the County's own methodology and assumptions. Specifically, the County's November 4 letter indicated that a modest density increase was assumed when calculating the capacity of existing UGA lands—estimated by the City at approximately 6 units per acre. Applying that same assumption, 1,333 units would require around 222 acres. This is approximately the area covered by the proposed expansion zones at Heller and Crosby (Helsby), Fort Boon, and Waterloo.

	Residential	Commercial	Total
Remove/Trade	Acres	Acres	Acres
Crescendo		26	26
Expansion			
Helsby (Crosby x Heller)	52	15	67
Fort Boon (Fort Nugent x Boon)	146	6	152
Waterloo x SR 20	52	19	71
	250	40	290
Expansion Option			
Wieldraayer	71	8	79
Wieldraayer LRS			39
Total	321	48	434

Sub-bullet two regarding density assumptions and specific parcels:

The City responded previously in this document regarding density assumptions.

The City selected the identified areas for UGA extension based on the following criteria:

- **Contiguity** to existing City limits, ensuring practical service connections
- **Serviceability**, with topography suitable for utility extensions driven by private development

- **Proximity to transit**, specifically within a ½ mile of existing Island Transit routes

For specific parcels the City used the County's November 4, 2024 letter density assumptions, the City identified six units per acre.

Sub-bullet three regarding LRS Lands and Hillcrest:

In discussions with the City Council, additional acreage along Swantown Road was included as a means of extending sewer service and encouraging annexation opportunities. While this inclusion exceeds the technical need, it reflects a **political judgment** by the City Council to explore future connectivity and urban development. The inclusion of the LRS-designated lands is specifically intended to establish contiguity and expand urban growth opportunities.

Staff has acknowledged—and communicated in the April 22, 2024 correspondence—that while these areas may add long-term capacity, they are **less likely to directly support the 20-year planning target**. Nonetheless, in light of regional demand and the City's willingness to absorb a significant portion of the overall allocation, the City urges the County to maintain flexibility and consider a wide range of feasible expansion options.

Sub-bullet four regarding public outreach to landowners in proposed UGA Areas:

Outreach is part of the next steps in the process and this question reflects a possible misunderstanding of jurisdictional roles concerning the unincorporated UGA. Since the County holds authority over UGA boundaries and expansions, it is unclear how input directed to the City Council would be actionable at this stage.

To clarify:

- UGA expansion is a County-led process as part of its Comprehensive Plan Update.
- The City's April 22, 2025, UGA Expansion Map serves as a formal recommendation to the County—not as an application or proposal requiring justification.

While property owner input is valued, it is not a required component in determining UGA boundaries. These are legislative decisions centered on long-term public benefit. The City intends to incorporate the UGA expansion map into its own public outreach efforts and is willing to share UGA-related public comments with the County. However, since final authority resides with the County, we defer to your office to determine the appropriate public engagement process.

Ultimately:

- The City Council will determine land use changes within City limits.
- The County Commissioners will determine changes to the UGA.

Sub-bullet five regarding Capital Facilities Plan Updates:

Oak Harbor's existing system plans—water, sewer, stormwater, transportation—already include provisions for serving the current UGA. Updates to these plans will be made only after specific expansion areas are identified and adopted.

The UGA expansion areas identified in the April 22, 2025 proposal was selected with the intention of integrating into the existing system design without requiring major system overhauls. New developments in these areas can be supported through private utility extensions or direct connections to existing infrastructure. At this stage, no public infrastructure projects are necessary to support these areas.

The County's concern about the City's commitment in the future is premature because further discussion around this should take place after the density allocation and/or Comprehensive Plan is finalized and additional negotiations and Interlocal Agreements are created to address potential annexations.

Sub-bullet number six regarding County confirmation of LCA:

The City did not respond because it appears to be listed incorrectly in this document, and this is a confirmation by the mediator that the concern was resolved.

Additional Questions/Comments from the City to the County:

1. Housing Allocation and Process

- Can the County clarify the policy basis for its request to redistribute housing units after the City has proposed absorbing over 67% of the total target?
- What metrics or decision-making framework is the County using to assess whether proposed allocations and densities are equitable and achievable?

2. Land Capacity and Expansion Assumptions

- Does the County agree that the same density assumptions used for the existing UGA (approximately 6 units per acre) should apply to evaluating capacity in proposed expansion areas?
- Will the County undertake any technical work to independently assess the development capacity of potential UGA expansion areas?
- Given the County's authority over unincorporated UGAs, what role does the County envision for itself in ensuring those areas are practically and legally feasible for development?

3. Infrastructure Planning and Feasibility

- Is the County expecting the city to commit to providing infrastructure in UGA areas prior to annexation? If so, how does that align with RCW 36.70A, prevention of sprawl, and the realities of utility financing?

4. Public Input and Legislative Process

- What mechanisms does the County intend to use to gather public input for UGA expansions that are within its jurisdiction?
- How will the County balance individual property owner input with regional housing needs and long-term public benefit, particularly in areas proposed for expansion?

5. Planning Policy Alignment and Clarity

- What is the County's proposed schedule and criteria for finalizing the 20-year housing targets and associated UGA adjustments, and how will that process ensure predictability and consistency?

6. Phasing and Long-Term Collaboration

- Is the County willing to work with the City to pursue a phased development approach, as authorized under WAC 365-196-330, to avoid premature urbanization and provide structured growth options?
- Is the County willing to cooperate and coordinate post-plan adoption actions—such as annexation strategies and infrastructure phasing—to support implementation of agreed targets?

7. Essential Services and Fiscal Responsibility

- What role does the County see for itself in helping to finance or support public facilities that will be impacted by additional urban growth (e.g., schools, emergency services, transit access)?
- How does the County plan to account for and mitigate the fiscal impacts of shifting population growth toward Oak Harbor—especially as these increases place higher demand on shared regional services?
- Is the County prepared to explore interlocal agreements or cost-sharing mechanisms with the City to address regional infrastructure or service expansions associated with this growth?
- How does the County propose to address service disparities between incorporated areas like Oak Harbor—where growth is being concentrated—and more rural areas that may not be contributing proportionately to infrastructure demands?

8. Countywide Growth Management and Development Controls

- What policies or development regulations is the County considering to ensure that future growth is directed to areas with planned capacity—such as Oak Harbor and the designated UGA—rather than to rural or unincorporated areas?
- How does the County plan to limit the expansion of rural residential development in areas not served by urban infrastructure, in order to reinforce the planned urban growth strategy?
- Is the County willing to adopt interim or long-term policy tools—such as rural density caps, performance zoning, or phasing plans—to align rural development with regional housing and infrastructure goals?
- Is the County willing to commit to updates in its Comprehensive Plan and development code that will:
 - Discourage residential rezones in rural areas?
 - Limit extension of public services into unincorporated rural areas unless tied to an annexation strategy?
 - Prioritize capital investments in UGAs and incorporated cities?

9. Consideration of future community plans

- If the County is asking the City to continue to take on more and more growth of the island and become a larger metropolitan community with the remaining island continuing to have larger rural areas, the City is requesting the County's commitment to address future planning to support the communities needs for transit, roadway widening projects, emergency services, hospitals, expanded higher education opportunities, recreation resources, and other community services.
- One of our major concerns is that the City applied for a grant from the Washington State Department of Commerce to hire Kimley Horn to provide a detailed analysis and these additional discussions are creating a delay for finalizing processes.

Responses to the County's Concerns in their Brief dated May 23, 2025:

These items were listed in Island County's original brief (memorandum from Island County) in preparation for mediation.

1. Detail and Alternative Analyses:

The City's LCA followed CPP procedures and meets the required planning standards. The County does not have authority over how the City develops land use alternatives within City limits. The City is willing to further document how CPP procedures were followed but does not

support ongoing conversations about hypothetical alternatives outside of the established process.

The City's cooperation in considering the County's November 4, 2024 redistribution request demonstrates a clear commitment to collaboration and capacity planning. However, without defined expectations or a formal framework for such discussions, continued requests risk becoming an unending negotiation.

2. Infrastructure Commitments Pre-Annexation:

A distinction must be made between **serviceability** and **commitment to provide services**. The proposed UGA areas are serviceable, but the City does not—and cannot—commit to providing infrastructure prior to annexation. Planning for future service does not equate to immediate provision.

3. Time Constraints and Path Forward:

The City understands the County's challenges in meeting unit targets—particularly for income brackets lacking urban services. The City is open to working with the County under provisions in WAC 365-196-325(2)(d), WAC 365-196-330, and RCW 35A.14.296 regarding development phasing and annexation.

These tools offer a path forward without requiring immediate changes to development regulations or land use designations in the County's Comprehensive Plan. Importantly, nothing in the RCWs or WACs mandates that phasing plans be completed prior to the update. They can be finalized subsequently, once housing targets are set and acknowledged in both jurisdictions' plans.

City Identifies the Following Next Steps

We believe we can move forward with the Comprehensive Plan by:

- Finalizing the housing target
- Agreeing on assumed densities
- Jointly noting a phasing strategy in our respective Comprehensive Plans can facilitate meaningful progress.

Revision for City Distribution List

Remove former Development Services Director David Kuhl because he no longer works at the City and add City Administrator Sabrina Combs and Mayor Ronnie Wright. We are officially adding the Mayor because the City of Oak Harbor is a Mayor/Council (strong Mayor) form of government which means that the Mayor is the Chief Executive Officer of the City.

In closing, the City remains committed to continued coordination and appreciates the County's partnership in achieving shared growth goals.

Sincerely,



Sabrina Combs
City Administrator

CC: File
Mayor Ronnie Wright
City Attorney
Principal Planner Cac "Rajesh" Kamak
Case Manager Dallas Wortham
Senior Planner Lexine Long
Housing Planning and Data Manager Laura Hodgson

Attachments (3)

BOARD OF ISLAND COUNTY COMMISSIONERS
BUDGET WORKSHOP DISCUSSION
JULY 16, 2025 @ 1:00 P.M.

Board of County Commissioners Hearing Room (Room 102B), 1 NE 6th Street, Coupeville, WA

JULY 16, 2025, 1:00 P.M.

BUDGET WORKSHOP

Discussion of the 2026 Budget to include:

- Workshop Schedule Overview
- Budget Goal Discussion
- Revenue Review
- Fund Balances & Set Asides Review

Those interested in attending the meeting virtually please contact the Commissioners' Office at biccsec@islandcountywa.gov or call (360) 679-7354.

2026 Budget Workshop Schedule

Jennifer Roll, Clerk of the Board of County Commissioners (360) 679-7385

BOARD OF ISLAND COUNTY COMMISSIONERS
BUDGET WORKSHOP DISCUSSION
JULY 17, 2025 @ 9:00 A.M.

Board of County Commissioners Hearing Room (Room 102B), 1 NE 6th Street, Coupeville, WA

JULY 17, 2025, 9:00 A.M.

BUDGET WORKSHOP

Discussion of the 2026 Budget to include:

- Budget/Risk
- Commissioners
- Auditor
- Facilities

Those interested in attending the meeting virtually please contact the Commissioners' Office at biccsec@islandcountywa.gov or call (360) 679-7354.

2026 Budget Workshop Schedule

Jennifer Roll, Clerk of the Board of County Commissioners (360) 679-7385