



**ISLAND COUNTY  
PLANNING & COMMUNITY DEVELOPMENT**

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**TO: Island County Planning & Community Development**  
**FROM: Morgan Shook and Erik Rundell, ECONorthwest**  
**DATE: June 4, 2018**  
**SUBJECT: Draft Housing Element Text**

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## **4.1 INTRODUCTION**

The Housing Element of the Comprehensive Plan outlines current housing conditions and future housing needs in Island County for the 20-year planning period, to be included in the Comprehensive Plan as required by the Growth Management Act (RCW 36.70A.070(2)). The future housing needs are estimated using the population projections adopted on March 10, 2014 (See Appendix B).

Island County has several housing related challenges, including the need for a variety of housing types and the need for more housing affordable to low-income households. The need for housing over the 20-year planning period will likely include more rental options, smaller units, and senior housing than the current share of this type of housing. However, the rural nature of much of Island County presents challenges for developing new housing.

The Housing Element provides policy direction for Island County to address these challenges. This policy direction is established in the adopted housing goals and policies. Goals are the primary housing related objectives and outcomes the County wants to achieve over the 20-year planning period. The related policies provide guidance on County actions, such as programs, regulations, and funding, to achieve those goals.

This Element is broken down into the following sections:

1. An inventory of the current housing stock and conditions
2. A housing needs analysis,
3. A forecast of housing demand and capacity,
4. Goals and policies.

## 4.2 HOUSING INVENTORY

Island County's existing supply of housing reflects past growth, market demand, and regulations in Island County. This section summarizes Island County's existing housing stock, including the number of units by type and price. This section also considers recent development trends and housing vacancy in Island County.

### 4.2.1 Housing Units

There are approximately 41,500 housing units in Island County as of 2016. The majority of those units (78 percent) are single-unit homes. Multifamily housing (buildings with two or more units) represents 11 percent of the total housing stock with most of the multifamily housing stock within Oak Harbor. Mobile homes (as defined by the Office of Financial Management and American Community Survey) are over 11 percent of total housing stock.

**Table 4-1. Housing Units by Type and Jurisdiction, 2016**

	Single-Unit	2+ Units	Mobile Homes	Total
City of Oak Harbor	5,866	3,284	581	9,731
Town of Coupeville	659	194	123	976
Town of Langley	522	216	2	740
Unincorporated	25,170	823	4,023	30,016
<b>Island County</b>	<b>32,217</b>	<b>4,517</b>	<b>4,729</b>	<b>41,463</b>

Source: Island County Assessor, ECONorthwest.

The housing stock in Island County is a mix of ages. One-third of the housing stock has been built in the last twenty-five years (1992 through 2016). However, the number of units built since 2010 is relatively small compared to previous years. Since 2010, just 1,200 new units have been built, and only 56 unit of those have been multifamily units. The lingering effects of the recession in 2008 likely contributed to the decreased number of homes built. Since 1992, the County has averaged 600 new units a year.

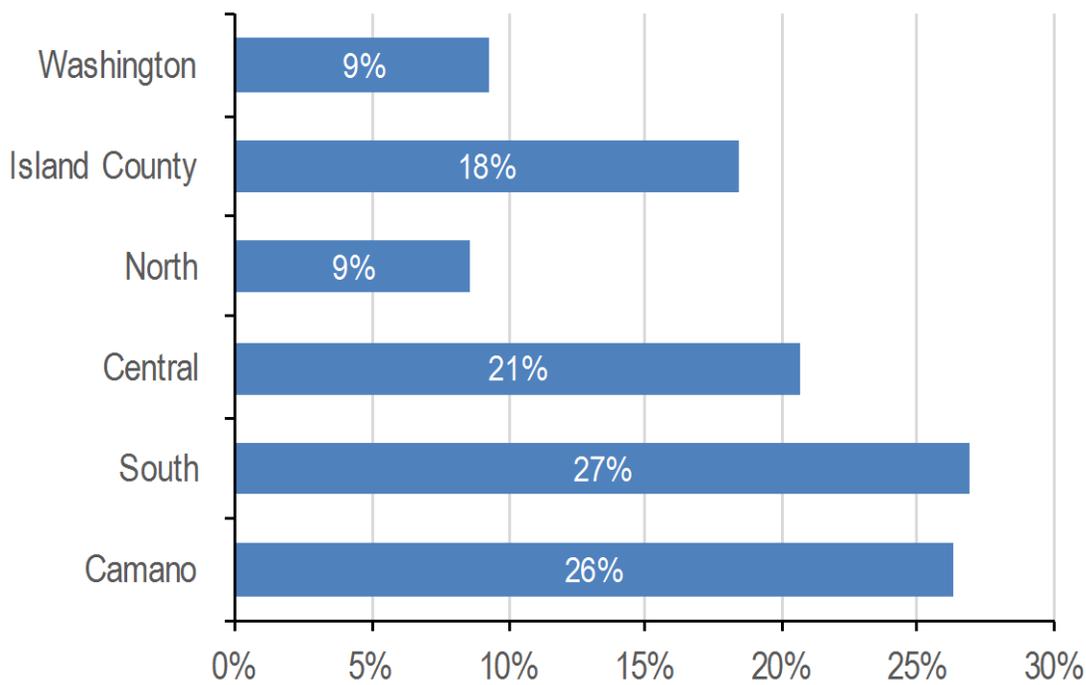
**Figure 4-1. Housing Units by Type and Year Built, 1992-2016**



Source: Washington Office of Financial Management.

The percentage of units that are vacant in Island County is higher relative to Washington State. Based on the Census' 2011-2015 average, about 18 percent of housing units in Island County are vacant, which is double the vacancy rate for Washington State.

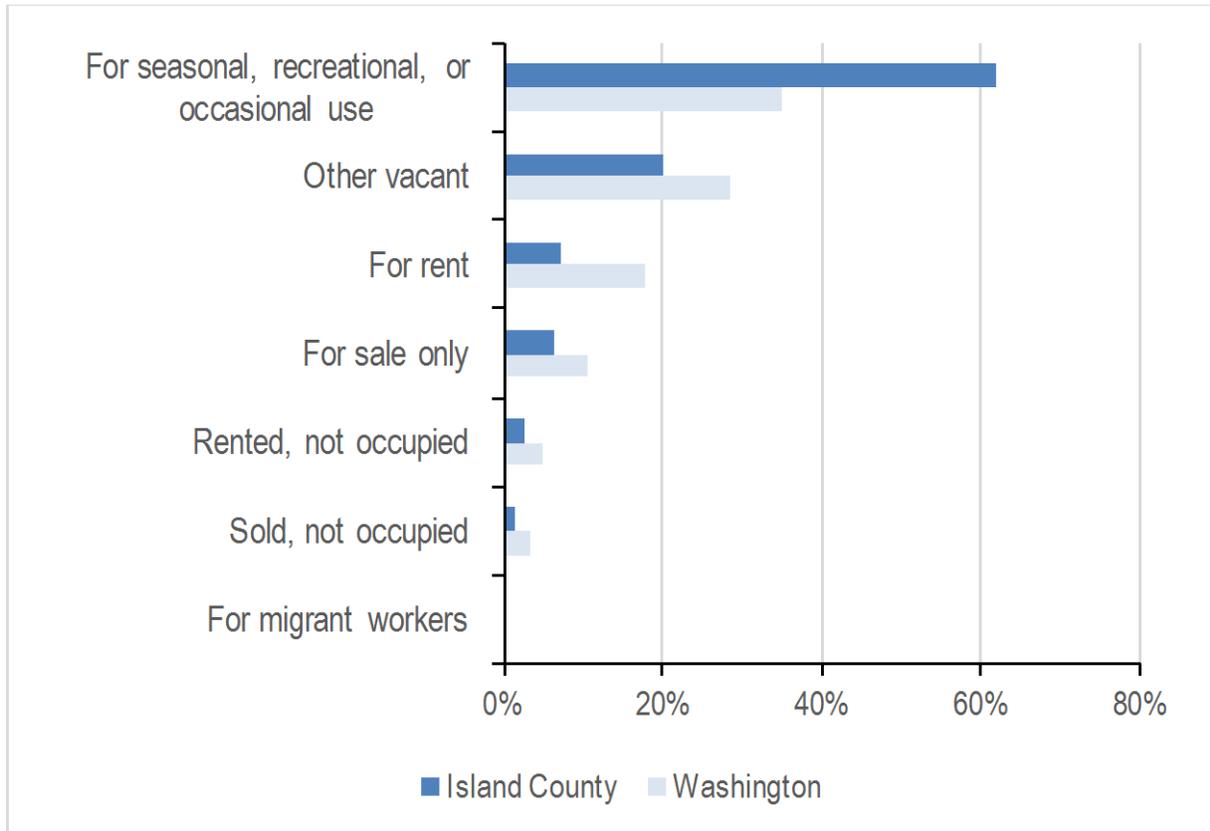
**Figure 4-2. Vacancy Status, Island County, Washington State, and Planning Areas, 2011-2015**



Source: U.S. Census Bureau, 2011-2015 ACS 5-Year Estimate

The most common reason for vacancies is that homes have seasonal, recreational, and occasional uses, which is the reason for over 60 percent of vacant units in Island County. At the same time, apartments have relatively low vacancies, at less than 5 percent.

**Figure 4-3. Vacancy Reason, Island County and Washington State, 2011-2015**

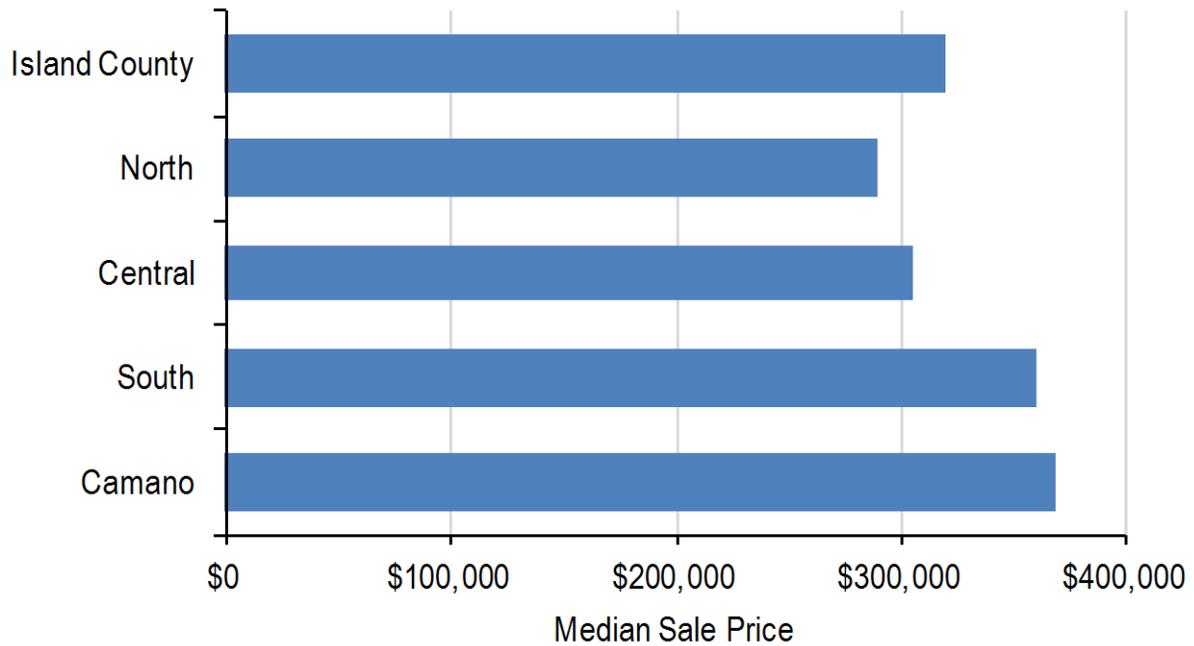


Source: U.S. Census Bureau, 2011–2015 ACS 5-Year Estimate

### 4.2.3 Housing Prices

In 2017, Island County had a median sales price of \$320,000 through August 2017. Homes sold for between \$200,000 and \$299,000 represent the largest share of homes sold (31 percent) in the County. The median sales price in places in Camano Island is higher than the other Planning Areas at \$369,000. North Whidbey had the lowest median sales price at \$290,000 in 2017 through September.

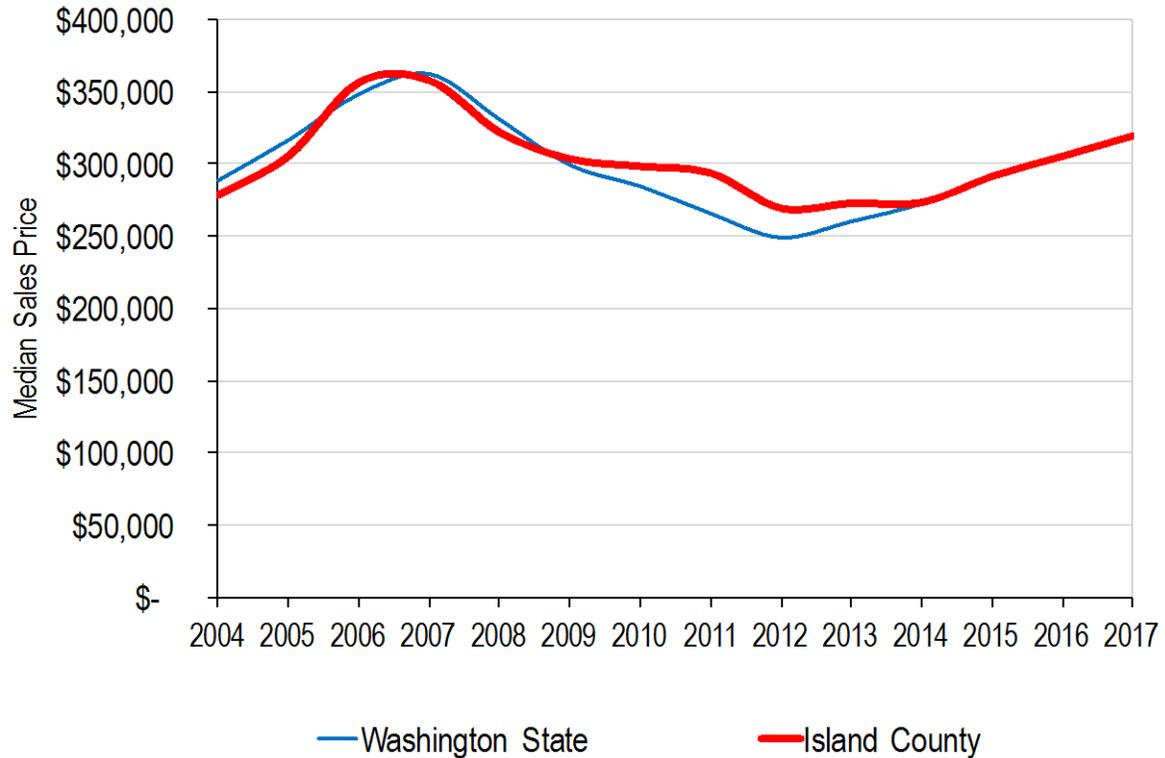
**Figure 4.4- Median Sales Price, Island County and Planning Areas, January–September 2017**



Source: Property Radar

Home sales prices in Island County have followed a similar trend to Washington State. Inflation-adjusted home sales prices decreased from about 2007 to 2012, and have increased since then. They have not yet recovered to 2007 median sales price.

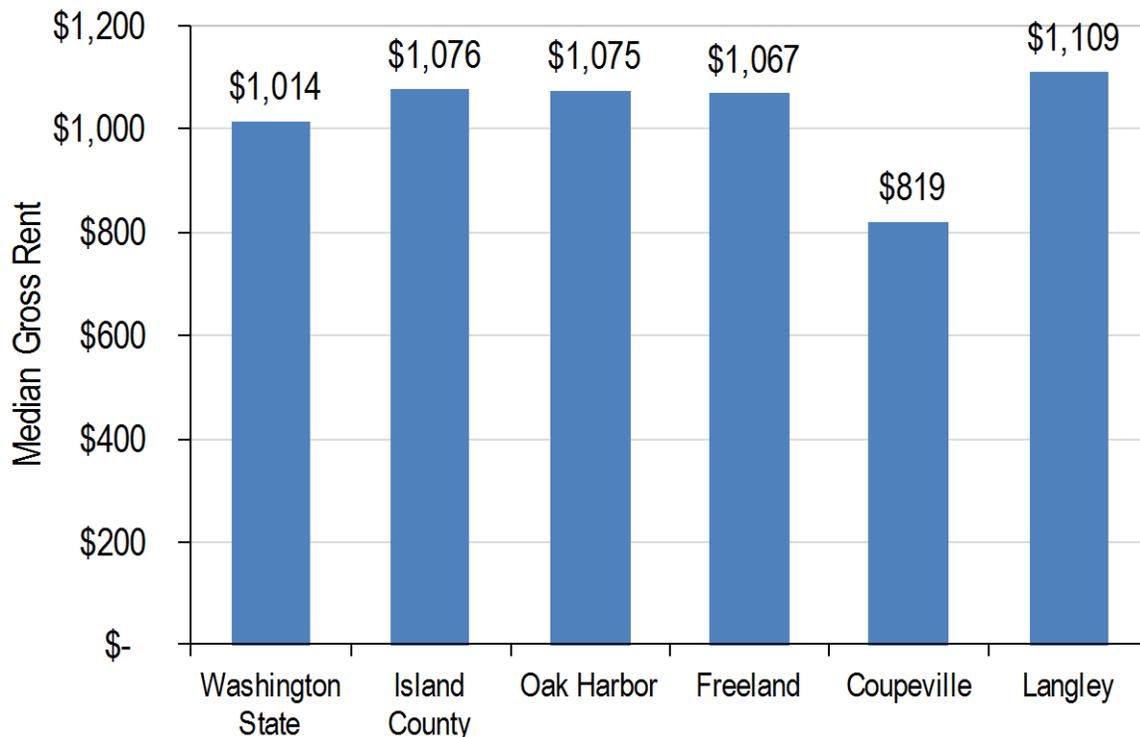
**Figure 4-5. Median Sales Price, Island County and Washington State 2004–2017, Adjusted for inflation to September 2017 dollars**



Source: Zillow for 2004–2015, Property Radar for 2016-2017

The median gross rent in Island County for 2011-2015 was \$1,076. Rent in Island County is higher than the Washington State average.

**Figure 4-6. Median Gross Rent, Island County, Washington State, and Selected Urban Areas, 2011–2015**



Source: U.S. Census Bureau, 2011–2015 ACS 5-Year Estimate

#### 4.2.4 Housing Affordability

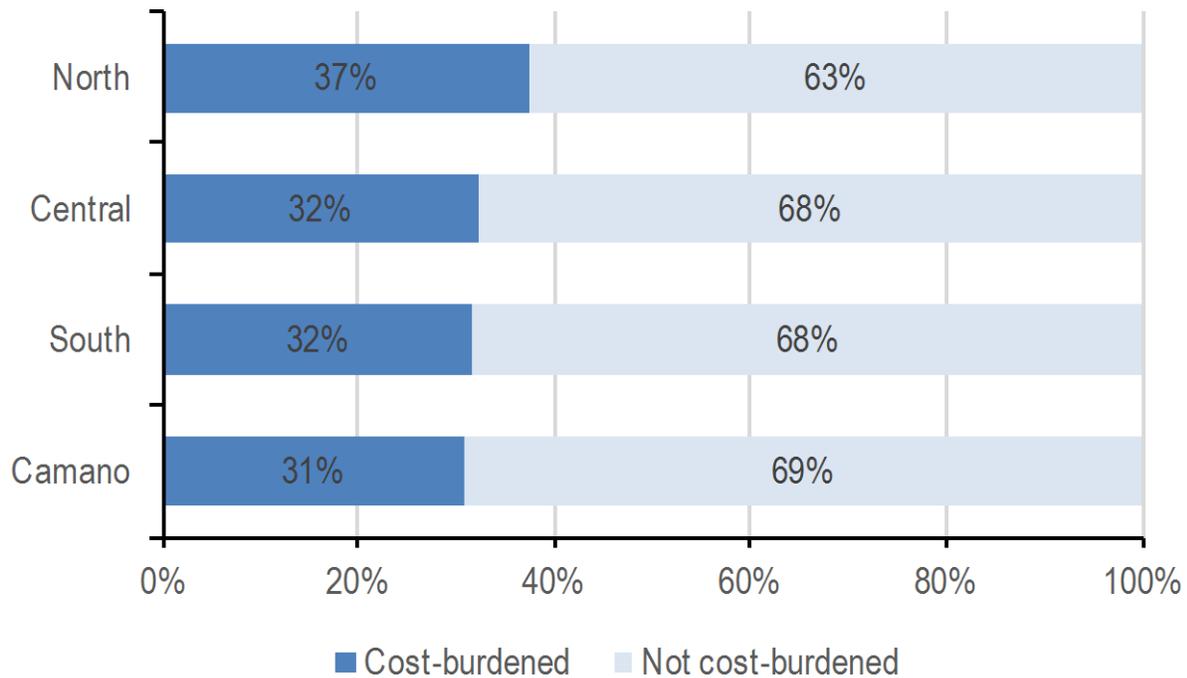
The typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The U.S. Department of Housing and Urban Development (HUD) guidelines indicate that households paying more than 30 percent of their income on housing are “cost burdened” and households paying more than 50 percent of their income on housing are “severely cost burdened.”

In the 2012-2016 period, about 35 percent of Island County’s households are cost burdened. Renters are more likely to be cost burdened than homeowners. Fifty percent of renter households are cost burdened, compared with 28 percent of homeowners.

Lower-income households are disproportionately cost burdened. For example, in 2011-2015, about 26 percent of Island County households have an income of less than \$35,000 per year. These households can afford rent of less than \$875 per month or a home with a value of less than \$87,500. Over 70 percent of these households are cost burdened.

North Island County has slightly higher cost burden rates than the other planning areas. Of the urban areas in the County, Freeland and Langley have the highest cost burden rates.

**Figure 4-7. Housing Cost Burden by Planning Area and Select Urban Areas, 2012–2016**

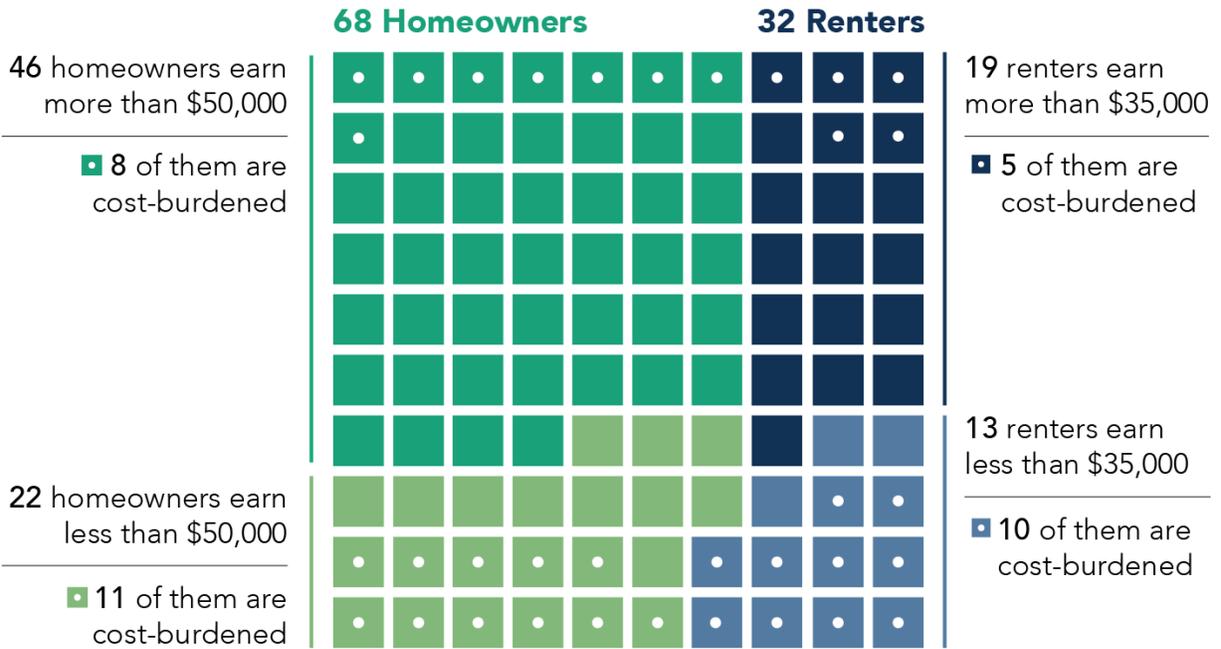


Source: U.S. Census Bureau, 2011–2015 ACS 5-Year Estimate

The illustration below explains cost-burden rates by viewing Island County as 100 residents. Homeowners are represented by green squares, and renters are represented by blue squares; the majority of residents live in an owner-occupied home. The graphic also breaks homeowners and renters into two groups based on income. The darker shade are those people in households with middle to higher incomes and lighter shades represent people in households with lower incomes. The white dots indicate the number of people that are considered cost burdened.

A higher portion of lower-income people earning less than \$35,000 a year are cost burdened. However, a small share of those living middle or upper income households are cost burdened as well. In addition, renters are more likely to be cost burdened than homeowners.

**Figure 4-8. Illustration of Cost Burden If All of Island County's Households Were 100 Residents, 2016**



Source: U.S. Census Bureau, 2011–2015 ACS 5-Year Estimate

### 4.3 HOUSING NEEDS ANALYSIS

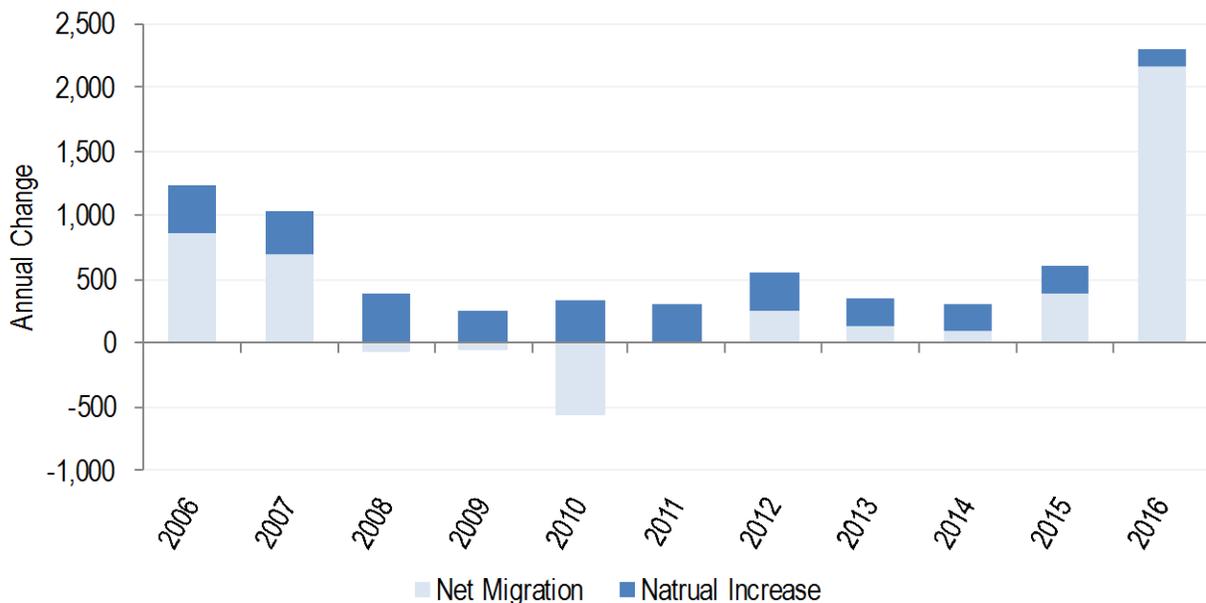
Housing demand is determined by the *preferences* for different types of housing (e.g., single-family detached or apartment), and the *ability to pay* for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing). Preferences for housing are related to demographic characteristics and changes, in addition to personal preferences. The ability to pay for housing is based on income and housing costs. The following two sections analyze and discuss these factors.

#### 4.3.1 Population Trends

Island County’s population grew by 38 percent between 1990 and 2016, adding nearly 23,000 new residents. Over this period, Island County’s population grew at an average annual growth rate of 1.2 percent. In comparison, the state grew at a slightly faster rate of 1.5 percent a year over the same period. In the last 10 years growth has been slower with an average annual growth rate of 0.65 percent. The majority of the population growth in the last 10 years was due to in-migration. In-migration in 2016 was substantially higher than any of the previous 10 years with over 2,000 people moving to the County. Island County’s future population growth will drive demand for housing over the planning period.

Island County’s population increase in 2016 was the largest in the last ten years. Most of this population increase was due to in-migration into Island County.

**Figure 4-9. Annual Population Growth, Net Migration, and Natural Increase, Island County, 2006–2016**



Source: Washington State Office of Financial Management. April 2017

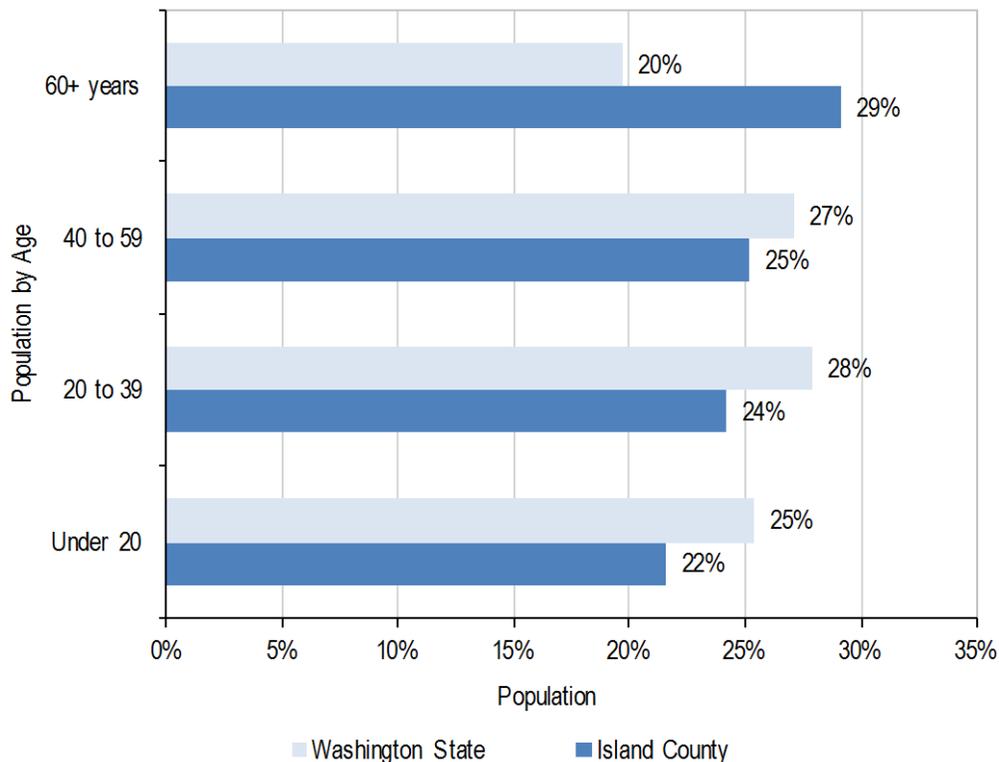
### 4.3.2 Demographics

The median age in Island County increased by seven years: from age 37 in 2000 to age 44 in 2015 (the 2011–2015 five-year average). In the 2011–2015 five-year average, Island County’s portion of people aged 60 and older was 9 percent higher than the Washington State average (29 percent versus 20 percent, respectively). These factors indicate that Island County has an aging population.

Population projections from the Washington State Office of Financial Management indicate that from 2020 to 2040, Island County will see the largest increases in both those over 40 and youths aged 20 and younger. During this period, people between 40 and 59 years old will add the most individuals to the population, at over 3,300 people between 2020 and 2040. Projections also indicate that 31 percent of population growth between 2020 and 2040 will be those aged 20 years and younger. This is an increase of over 3,200 young people. People aged 60 years and older are projected to increase by over 2,000. This age group will continue to be the largest in Island County. The share of people between 20 and 39 is projected to decrease from 2020 to 2040, although the absolute number of people in this age group will increase.

In 2011–2015, about 49 percent of Island County residents were aged between 20 and 59. Island County has a larger share of people aged over 60 years than the state. About 22 percent of Island County’s population is under 20 years old, compared to 25 percent of the state’s average.

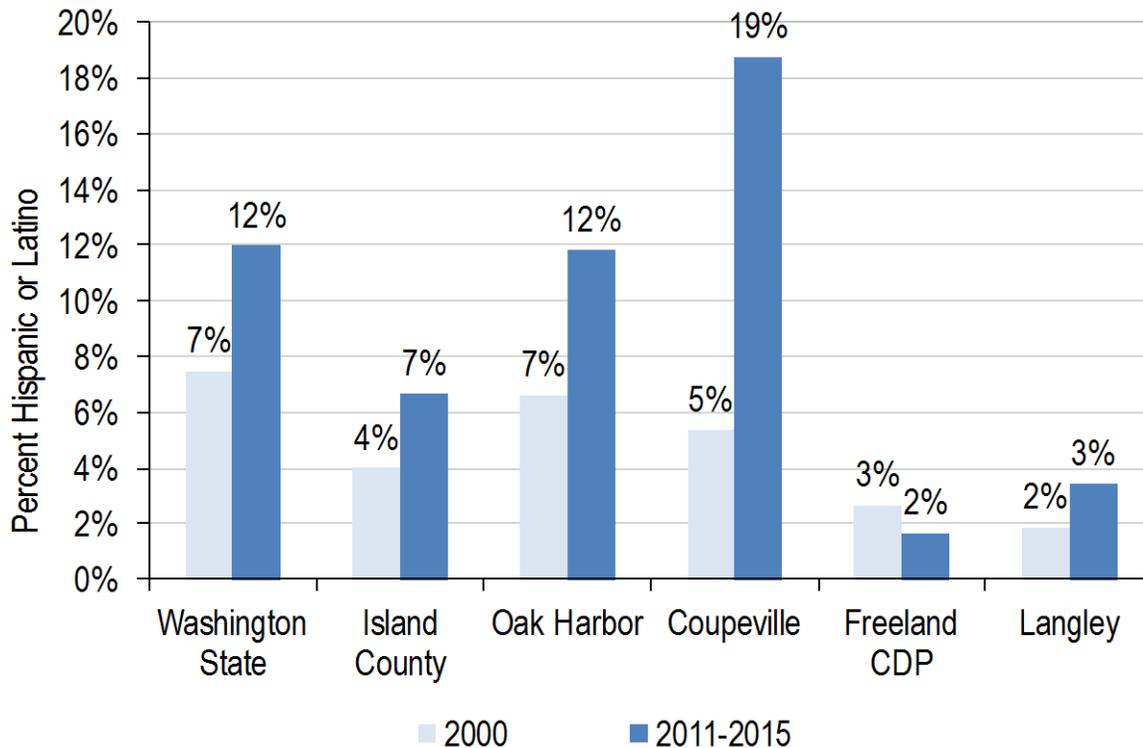
**Figure 4-10. Population Distribution by Age, Island County and Washington State, 2011–2015**



Source: U.S. Census Bureau, 2011–2015 ACS 5-Year Estimate

Island County is becoming more ethnically diverse. The Hispanic and Latino population grew from 4 percent of Island County’s population in 2000 to 6.6 percent of the population in the 2011–2015 period, adding 2,432 new Hispanic and Latino residents. The population of Island County is less ethnically diverse than Washington State. Oak Harbor and Coupeville are more ethnically diverse than the Island County average, with the Hispanic and Latino population making up 11.8 percent and 18.8 percent of residents, respectively.

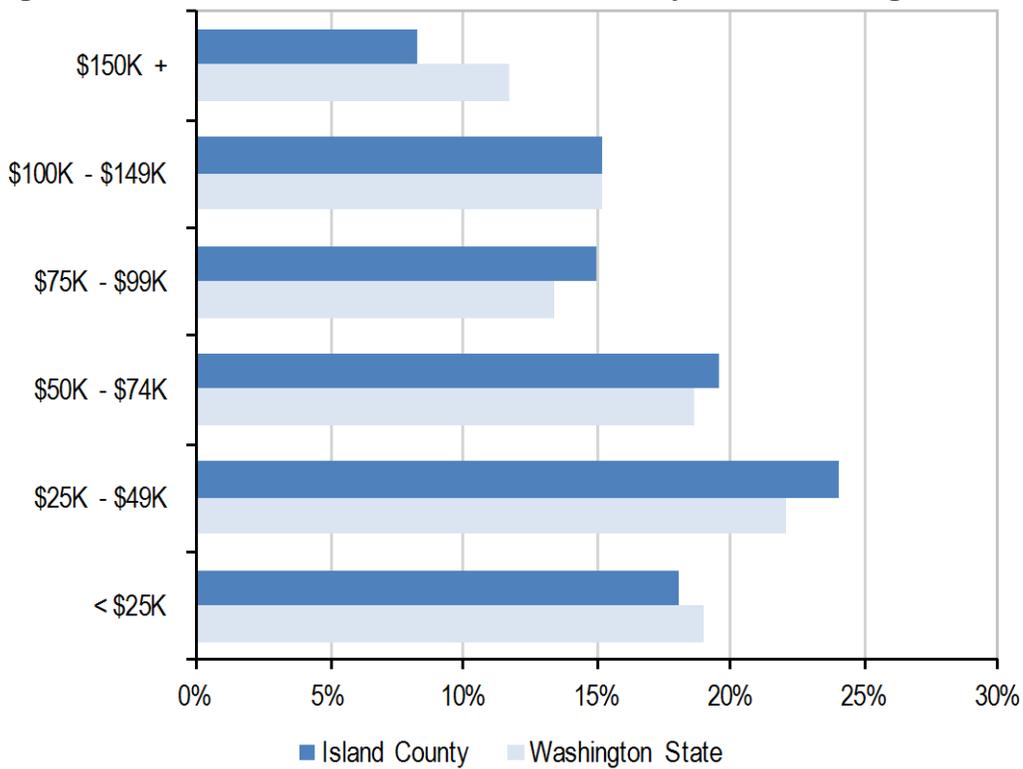
**Figure 4-11. Hispanic or Latino Population as a Percent of the Total Population, Island County, Washington State, and Selected Urban areas, 2000 to 2011–2015**



Source: U.S. Census Bureau U.S. Census Bureau, 2000 Decennial Census 2011–2015 ACS 5-Year Estimate

Income is one of the key determinants in housing choice and households’ ability to afford housing. Island County has a similar income distribution to Washington State. For the 2011–2015 period, about 42 percent of Island County households made less than \$50,000 per year, compared with 41 percent of the state. Island County has a smaller portion of households with an income over \$150,000 than does Washington State with almost 8 percent compared to 12 percent, respectively.

**Figure 4-12. Household Income, Island County, and Washington State, 2011–2015**



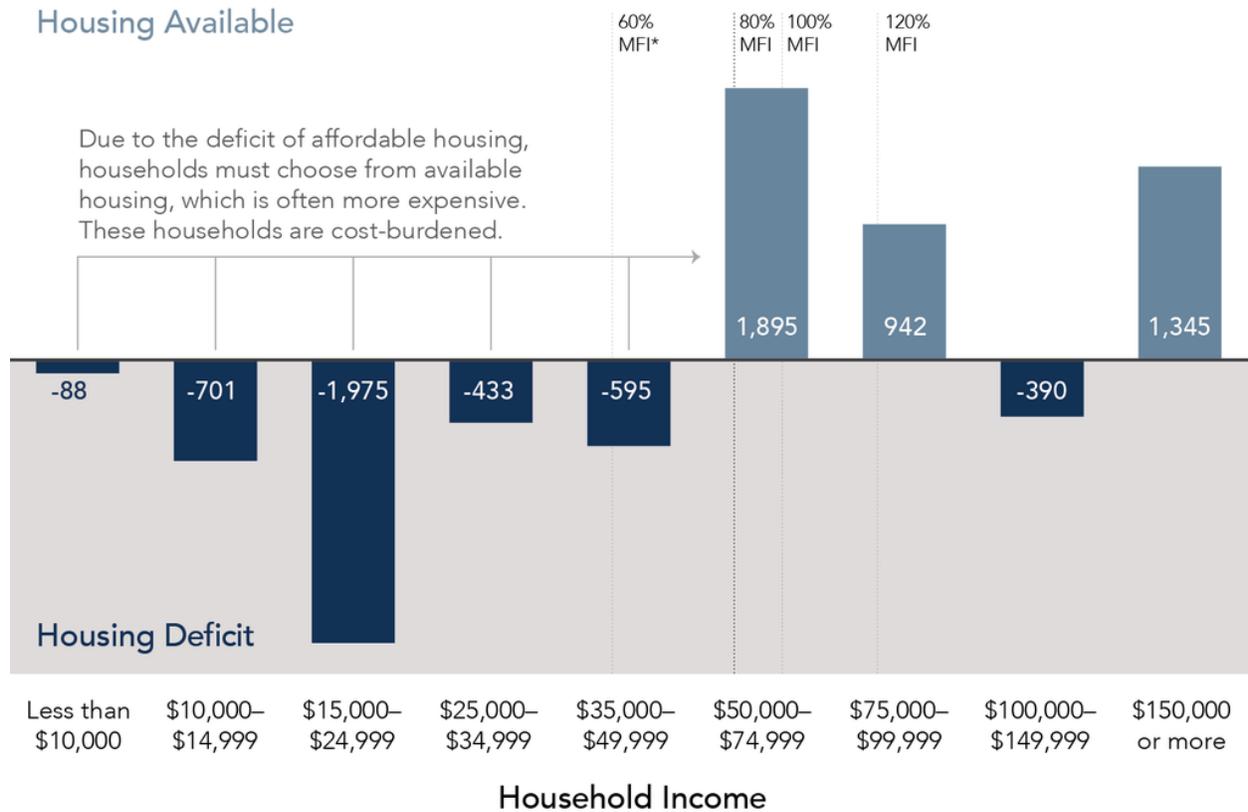
Source: U.S. Census Bureau U.S. Census Bureau, 2000 Decennial Census 2011–2015 ACS 5-Year Estimate

### 4.3.3 Housing Needs

The figure below compares the number of households by income with the number of units affordable to those households in Island County. Overall, Island County has a deficit of housing affordable to households earning less than \$50,000 (about 80 percent of Area Median Income).

When lower-cost housing (such as government subsidized housing) is not available, these households pay more than they can afford in housing costs. As a result, a number of households are living in housing that is not considered affordable, which is reflected in the Census’ cost-burdened statistics.

**Figure 4-13. Affordable Housing Costs and Units by Income Level for Island County, 2017**



\*Median Family Income for a family of four.

Source: U.S. Census Bureau, 2011–2015 ACS. HUD Fair Market Rents and MFI, 2017.

Note: MFI is Median Family Income, determined by HUD for Island County

In summary, there are several key issues likely to affect housing needs in Island County over the next 20 years. A homogenous existing housing stock, an aging population, increasing housing costs and affordability concerns, and other variables will affect future housing needs and types of housing that will need to be built.

## 4.4 HOUSING FORECAST AND CAPACITY

### 4.4.1 Housing Forecast

Island County's 2036 population target is 87,957. Based on the 2016 population of 82,910, the county is projected to add 5,047 people over the next 20 years. This section describes the key assumptions and presents an estimate of new housing units needed to accommodate this population growth.

**Table 4-2. Forecast of Population Growth, Island County and Planning Areas, 2036**

	2016 Population	2036 Population Forecast	Change in Population 2016-2036		
			Growth	Percent Change	AAGR
Island County	82,910	87,957	5,047	6%	0.57%

Source: Island County

The estimated total number of units needed the 20-year population forecast, the number of persons in group quarters, average household size, and vacancy rate. Based on these assumptions, Island County will have demand for 2,174 new dwelling units over the 20 years, which is summarized in the table below.

**Table 4-3. Forecast of Demand for New Dwelling Units, Island County, 2016–2036**

Change in persons	5,047
minus Change in persons in group quarters	309
equals Persons in households	4,738
Average household size	2.33
New occupied DU	2,033
times Aggregate vacancy rate	7.0%
equals Vacant dwelling units	141
<b>Total new dwelling units (2017-2037)</b>	<b>2,174</b>
<b>Annual average of new dwelling units</b>	<b>109</b>

Source: U.S. Census Bureau, 2011–2015 ACS, ECONorthwest

Of these 2,174 new units, 70 percent of projected new housing demand will be single-family detached and attached housing. Currently, 78 percent of Island County's housing is currently single-family detached and attached housing. The remaining 30 percent of units will include demand for new housing demand will be multifamily with two or more units (20 percent) and manufactured housing (11 percent). Currently, percent of projected new housing demand will be manufactured housing. Currently, these two housing types each account for about 11 percent of the housing stock.

#### 4.4.2 Housing Capacity

The County conducted a Buildable Lands Analysis as a part of the 2016 Comprehensive Plan Update. As a part of this analysis, both the Urban Growth Areas (UGAs) and the rural areas were evaluated for developable land capacity. This number is measured in housing units rather than acres of land, to give an accurate depiction of the potential developable space available. Parcels that were either vacant or large enough to be further subdivided under the zoning regulations were considered buildable lots. The rural analysis stopped at this point. Within UGAs, land was removed to account for critical areas and land needed for public purposes (see Appendix B for further details on this process).

### 4.5 GOALS & POLICIES

#### **Goal 1. Promote fair access to housing and shelter for all persons.**

H 1.1. Identify appropriate locations to support and facilitate transitional housing, coordinated with critical support services, for youth, adults, seniors, families, and those with disabilities.

H 1.2. Identify appropriate locations to support and facilitate the development of emergency shelters and short-term housing for those in need.

H 1.3. Ensure that any unique housing and shelter needs are considered and addressed in county housing policies, programs, funding, and local zoning regulations.

H 1.4. Evaluate and consider implementing the recommendations of the Tri-County Consortium's 2018 Analysis of Impediments to Fair Housing Choice and successor Fair Housing Plans to affirmatively further Fair Housing in Island County.

H 1.5. Promote community and landlord awareness of and compliance with federal and state Fair Housing laws.

H 1.6. Promote diverse representation on boards and committees that make recommendations concerning housing-related policies, programs or funding.

**Goal 2. Promote the development of different workforce housing types, such as rentals and manufactured homes, to meet the needs of all demographic segments of the population, housing tenure choices, and income levels, in appropriate locations where infrastructure, public transit, and community services are readily accessible or planned in the near future.**

H 2.1. Encourage the construction of multi-family units, primarily rentals, in areas where higher densities are permitted and where infrastructure, including public transportation, is already available.

H 2.2. Encourage housing suitable to the needs of older adults, including independent and assisted living housing, in Mixed Use RAIDs and UGAs.

H 2.3. Encourage the siting of duplexes, triplexes, and fourplexes in Rural Residential zones that are adjacent to Rural Center zones.

H 2.4. Identify innovative housing approaches for Camano Island where the predominance of rural zones and lack of a UGA presents challenges for affordable housing.

H 2.5. Evaluate and modify as needed, Planned Residential Developments and clustered housing code provisions to ensure that they provide adequate incentives to achieve desired densities.

H 2.6. Evaluate and modify as needed, regulatory barriers to building permanent and seasonal farm worker housing.

H 2.7. Encourage infill development in RAIDs and UGAs through zoning regulations and incentives.

H 2.8. Evaluate and modify as needed barriers to the development of accessory dwelling units and guest cottages.

H 2.9. Explore options to allow temporary housing structures to accommodate short-term housing needs related to limited-term employment and the homeless population.

H 2.10. Explore further ways to accommodate small housing types, and determine the appropriate location for these units.

H 2.11. Remove barriers for the siting of low-cost housing options such as manufactured housing communities and manufactured homes on fee simple land.

H 2.12. Review code regulations for housing types, minimum dwelling unit size, minimum number of rooms, and other potential barriers to ensure they do not conflict with affordable housing goals and the development of workforce housing options.

H 2.13. Monitor Island County's housing development and periodically compare to housing development targets in the Comprehensive Plan and buildable land supply.

**Goal 3. Encourage preservation of existing housing stock capacity, subsidized affordable housing units, and the character of existing communities.**

H 3.1. Preserve the existing housing stock to meet the changing needs of residents by maintaining a streamlined permitting process for remodels/additions, accessory dwelling units, and guest cottages.

H 3.2. Monitor properties with expiring subsidies and identify strategies and resources to preserve their affordability.

H 3.3. Identify and promote awareness of resources and programs available for housing repair and rehabilitation for homeowners with low incomes; examples may include, weatherization, septic repair or compliance with flood hazard regulations.

H 3.4. Support the preservation of manufactured home parks in Island County as a component of the County's affordable housing stock.

H 3.5. Develop strategies to encourage the re-use of existing housing structures in rural areas including potential incentives for relocation to other sites.

H 3.6. Monitor the impacts of short-term rentals on housing availability in the County.

**Goal 4. Promote policies that facilitate the reduction in the share of cost burdened households by increasing the supply of subsidized affordable housing.**

H 4.1. Define affordable and low-income housing needs and establish measurable affordable and low-income housing targets relative to those needs.

H 4.2. Encourage a range of permanent subsidized affordable housing options through small project-based structures, administration of rental assistance, and supportive housing.

H 4.3. Ensure publicly-funded, low-income housing is located in appropriate locations where infrastructure, public transit, and community services are readily accessible or planned in the near future.

H 4.4. Identify opportunities to lower labor and materials costs by supporting and encouraging alternative housing designs, materials and construction, such as self-help/sweat-equity housing, owner-built housing, and the use of existing or reclaimed building materials.

H 4.5. Review existing surplus public land owned by Island County and other public agencies to determine if any such lands are appropriate to be transferred to a non-profit housing agency for affordable or low-income housing.

H 4.6. Develop and allow "pre-approved" or "permit ready" house plans for accessory dwelling units, guest cottages, cottage housing and other potential housing types in appropriate locations.

H 4.7. Evaluate opportunities to reduce or eliminate permit fees for affordable and low-income housing.

H 4.8. Implement incentives for affordable housing projects within non-municipal urban growth areas and mixed use RAIDs.

H 4.9. Ensure coordination between the policies addressed in the Comprehensive Plan and those outlined in Island County's Homeless Housing Plan.

H 4.10. Collaborate with municipal jurisdictions to develop mutual policies and agreements that facilitate the siting and subsequent annexation of affordable housing in unincorporated urban growth areas.

**Goal 5. Collaborate with other jurisdictions and housing organizations to address county-wide housing issues.**

H 5.1. Actively convene committees to coordinate county-wide housing issues.

H 5.2. Evaluate the potential for a Transfer of Development Rights (TDR) program for the Freeland NMUGA, or in conjunction with incorporated communities, that allows higher densities within city boundaries and urban growth areas.

H 5.3. Continue to maintain partnerships and support collaboration with the Housing Authority of Island County, the Opportunity Council and different groups including nonprofit, faith-based, public, and private interests in ongoing efforts to fund and sustain existing low-income housing projects in Island County.

H 5.4. Support collaboration between private developers, public agencies, and non-profit organizations so that a variety of housing options are dispersed throughout the county and leverage these partnerships to collaboratively advocate for more financial resources from the federal and state government for subsidized, low-income housing.

H 5.5. Continue to provide staff support for the Housing Provider Network and other committees.

H 5.6. Support applications for federal, Low-Income Housing Tax Credits for the acquisition, rehabilitation, or new constructions of rental housing targeted to lower-income households.