

DATE: July 26, 2017  
TO: Beverly Mesa-Zendt, Island County  
FROM: Morgan Shook and Erik Rundell  
SUBJECT: HOUSING ELEMENT UPDATE SCOPE OF WORK

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## Project Background

Island County updated its Comprehensive Plan in 2016, including the Housing Element. However, the County desires to update the Comprehensive Plan's Housing Element based on more in-depth study of the County's existing housing conditions and a more comprehensive look at the County's policy approach to housing. As a result, the Housing Element update will do more than just revise the County's housing policies. It is an opportunity to better understand housing needs in the county, identify barriers to housing production and affordability, and create a strategy to address the variety of housing issues through a comprehensive and consistent approach.

Our approach to the housing update is to focus on three important areas:

- Understanding dynamics in the housing market.
- Engaging the community on housing issues.
- Delivering policy and implementation guidance to meet the county's diverse needs.

The Housing Element update will be based on technical data and analysis to better understand the county's housing conditions, identify key issues, and provide context for crafting appropriate policies and action to address those issues. Census data and the Island County Assessor will be important resources for the technical analysis. In addition, local affordable housing providers may have more specific data on their housing units and income restrictions for those units.

The Housing Element update process is also an opportunity to engage in a community conversation about housing and housing needs with the county. Engagement with residents and other key stakeholders will allow the County to receive information about housing needs and opportunities to inform changes to policies and the creation of implementation actions. It also allows the County to communicate and educate residents and stakeholders about current housing issues and potential strategies and policies.

The final Housing Element document will have several objectives. It must meet the GMA's requirements, be legally defensible, and ultimately be adopted by the Board of Commissioners. It also needs to serve as a guiding document and resource for the County's approach to housing and actions that it will take to implement that approach. This is more true given the County's participation in the recommendations in the North Whidbey Housing Task Force planning effort.

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## Work Program

### Task 1. Project Management

The first task will initiate the project and includes ongoing project management. ECONorthwest will begin the project with a kick-off meeting with Island County staff and potentially other key stakeholders. The objectives of the kick-off meeting will be to review project objectives, review available data, key stakeholder involvement, and confirm the schedule of the deliverables.

Ongoing project management includes assuring quality control, managing project activities, managing the consultant team, and coordination with Island County staff. ECONorthwest proposes to schedule bi-weekly check-in calls with the County's project manager as needed to discuss project progress and upcoming milestones.

Task 1 also includes attendance at Planning Commission and Board of County Commissioner (BOCC) meetings to provide project updates. Individuals from the consultant team will attend up to eight Planning Commission and BOCC meetings, which is accounted for in the project budget.

**Deliverable:** Presentation materials necessary for meetings.

### Task 2. Public Outreach

An authentic and engaging public outreach process is a critical part of developing the Housing Element Update of Island County's Comprehensive Plan. The task will have two phases. Phase I will focus on stakeholder interviews to gather information and generate buy-in from those stakeholders. Phase II will focus on community workshops/meetings as identified in the Public Involvement Plan to educate the public on housing issues in Island County and gather input on the updated Housing Element goals and policies. In order to reach as many stakeholders as possible, Island County staff will share some staffing responsibilities for Phase II outreach (will be identified in the Public Involvement Plan). Special attention will be paid to connecting with hard-to-reach communities. Assumptions for the Public Outreach task are that:

- With the assistance of Island County Broadview Planning will develop and design all printed materials, including handouts for workshops, maps, agendas, etc.
- Island County will provide support for developing written content for website updates, press releases, and other forms of written communication

#### 2a. Phase I: Stakeholder Interviews

Phase I will conduct 15-18 stakeholder interviews or small focus groups with key members of the community to raise awareness and create stakeholder buy-in and ensure that we understand the concerns and needs of a broad spectrum of the community. The consultant team will work with County staff to identify key stakeholders, develop a set of questions, and schedule meetings. Potential stakeholder can include, but is not limited to: Island County elected officials, Naval Air Station, Island County Housing Authority, Human Services

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Department staff, United Way of Island County, Island Senior Resources, churches and faith community, Island County Economic Development Council, Chambers of Commerce, financial institutions (lenders), developers, lenders, and the Island County School District.

## 2b. Phase II: Community Engagement

In Phase II Broadview Planning will first develop a draft public involvement plan. The plan will develop messaging for the project, design the Phase II outreach process, and establish timeline, roles and responsibilities. A draft public involvement plan will be submitted to County staff for review. Following approval of the public involvement plan by County staff, Broadview Planning will plan and facilitate six to eight community workshops throughout Island County. Public outreach will involve two phases: initial outreach to identify broad issues and concerns (this may be in the form of a survey or public work session) and subsequent outreach that will occur to receive feedback on proposed new goals and policies. Broadview Planning will provide support for the development and design of all printed materials, including handouts for workshops, maps, agendas, etc. Island County will provide support for developing written content for website updates, press releases, PowerPoint presentations and other forms of written communication.

At conclusion of the outreach process, Broadview Planning will provide a memo outlining the results of the public outreach process that summarizes feedback and key themes from events, stakeholder interviews, and emails to clearly identify concerns, trends, and issues in a manner that can assist elected and appointed officials in the decision-making process. A master list of public comments and County responses will be maintained, and included in the Public Outreach Memo.

**Deliverable:** Stakeholder interview summary, Draft and Final Public Engagement Plan, Final Public Outreach Memo, and Public Comment Matrix.

## Task 3. Baseline Review

Task 3 includes a review of the current Housing Element and existing programs and housing efforts, such as the North Whidbey Housing Task Force. This task will have three components.

- The consultant team will first review the current Housing Element including the housing inventory, housing cost and affordability, and housing needs analysis components. The consultant team will also review Housing Elements for local jurisdictions within Island County for consistency and coordination and to identify reasonable measures to facilitate the rural to urban shift of population. Based on this review the consultant team will identify updates and modification to data and analysis to be included in the updated Housing Element.
- The consultant team will then review existing housing programs in the County. Specifically, the consultant team will review existing programmatic resources and current housing data maintained by Island County.

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- Third, the consultant team will review the goals and policies in the current Housing Element and assess status and outcomes of the existing policies and programs. This task will also consider the findings and recommendations from the North Whidbey Housing Task Force to compare with the current goals, policies, and programs.

**Deliverable:** Memorandum analyzing the current Housing Element and recommendations on specific pieces or components to be updated or changed.

## Task 4. Housing Needs Analysis

Task 4 will develop an inventory of the current housing stock, determine the current and future housing needs, and assess the land County for meeting the identified housing needs.

### Task 4a. Housing Inventory

The housing inventory will determine the number of housing units by type and other characteristics, such as age and number of bedrooms depending on data availability. If viable, the inventory will be based on the Island County Assessor and GIS data, which will be parcel specific. The inventory will also utilize Washington State Office of Financial Management housing data where appropriate, as well as other sources for relevant local and state data.

A second component of the building inventory will be to determine the relevant characteristics of housing by sub-geography, most likely by Census Tract, planning area countywide. This will include an evaluation of the impact of second homes and vacation rentals on the housing market for county residents. This component will focus on the cost of housing (sales price and rent levels), housing affordability (income levels needed to rent and own housing (a cost burden analysis), market conditions, (housing development trends, vacancy rates, and permitting activity) and a review of jobs/housing balance. The consultant will also evaluate sales and rental data, including inventory and days on the market, to provide a current market snapshot for Island County.

### Task 4b. Housing Needs Analysis

The housing needs analysis will determine what type and mix of housing is needed, including special housing needs – such as workforce, farm-worker, homeless, and senior housing – and the existing and projected need for affordable housing. ECONorthwest’s approach to completing the housing needs analysis will be to gather demographic, socioeconomic, and housing data from sources such as the U.S. Census and American Community Survey, existing plans and studies, and County data about recent development (e.g., building permit data). Additional data sources include, but are not limited to, the HUD Fair Market Rent and Comprehensive Housing Affordability Strategy (CHAS) data, Washington Center for Real Estate Research data, and data from local public and nonprofit agencies (such as demand statistics and income/wage data). The specific steps in the housing needs analysis are:

1. Review the projected number of new housing units needed based on the County’s 2036 population target as identified in the 2016 Comprehensive Plan Update. .

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2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix. This will include a review of the Island County issue paper on population projections and identify if there any potential gaps or updates that need to be addressed.
  3. Describe the demographic characteristics of the population and, if possible, the housing market trends that relate to demand for different types of housing.
  4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
  5. Estimate the number of additional needed units by structure type and level of affordability (i.e. percent of area median income), and special housing need

ECONorthwest will work with County staff to develop the key assumptions necessary for the housing needs analysis. A foundational assumption for the housing needs analysis is population growth. The current population target adopted in the 2016 comprehensive plan will be the basis for the housing needs analysis.

#### Task 4c. Housing Opportunities

Task 4c will consult the buildable lands analysis conducted during the 2016 periodic review and the recently updated Countywide Planning Policies (CWPPs) to evaluate where there is capacity for housing, what kind of housing could be developed there (including levels of affordability), and what services are nearby. The end result will be an inventory of parcels in the county that can accommodate single-family, multifamily, and mobile home housing of different densities.

**Deliverable:** Housing Need Analysis Report summarizing the housing inventory, housing needs, capacity to accommodate additional housing development by housing type, segment, and special needs, and highlight potential gaps related to current and future housing needs.

### Task 5. Identification of Housing Barriers and Resources

Task 5 will identify resources available to support the development and preservation of subsidized affordable housing and review programmatic, institutional, regulatory, and policy constraints that are barriers to market-rate and subsidized affordable housing development.

#### Task 5a. Housing Barriers

The consultant team will first identify governmental and non-governmental constraints to housing production. The assessment will focus on three types of constraints.

- **Regulatory constraints.** The consultant team will review current land use regulations and development standards and conduct interviews/focus groups with key stakeholders, local government staff, developers/builders, lenders, and elected officials to assess potential regulatory challenges for housing development. The assessment will pay particular attention to regulatory updates needed to ensure effective use of developable land in non-municipal urban growth areas and rural areas of intensive

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development. This assessment will also include an evaluation of the use of existing regulatory processes to promote appropriate density utilizing mechanisms such as fully contained communities, master planned resorts, planned unit developments, and rural cluster subdivisions.

- **Physical/environmental and infrastructure constraints.** The consultant team will review existing plans and studies and utilize the land County analysis to evaluate buildable sites in relation to environmental constraints and infrastructure availability in GIS to assess the effect of existing environmental constraints and infrastructure availability on housing development.
- **Financial and market constraints.** The consultant team will conduct pro forma financial analysis of multifamily, cottage housing, and other affordable housing products to assess development feasibility. The pro forma analysis will also test the impact of regulatory changes and use of incentives on financial feasibility.

### Task 5b. Housing Resources

Task 5b will identify housing resources (programs, partnerships, and funding sources) not currently utilized to help address the identified barriers. The consultant team will first evaluate existing County housing programs and policies to identify possible improvements and gaps. The consultant team will then evaluate the effectiveness and appropriateness of current housing programs and policies and barriers to their implementation. The consultant team will also review existing state and federal programs (including grant opportunities) that are applicable to Island County, and if we are or are not utilizing those programs. This assessment will be based on the interviews/focus groups from Task 5a and analysis in the previous tasks.

### Task 5c. Evaluation of Goals and Policies

Lastly, this task will compare goals and policies from current Housing Element with actual accomplishments during the planning period, the results of the housing needs analysis, and the housing barriers to determine gaps and recommendations to help address housing issues in the County and support the development of low- and moderate-income housing. This will include the identification of housing policies and subsequent development regulation options that may increase residential development capacity in the urban areas (to facilitate a rural to urban shift in future growth patterns). These will be general in nature and will identify reasonable measures that should be undertaken by the local jurisdictions to maximize capacity of the UGAs and assist the county in achieving the rural to urban shift of population required under the GMA.

**Deliverable:** Memorandum summarizing the existing housing barriers, resources available, and recommendations for new or modified policies.

## Task 6. Housing Element Preparation

The final task will update the Housing Element based on based on the analysis and information gathered in the Tasks 2, 3, 4, and 5 and based on responses to comments from the public, planning staff, the Planning Commission, and the Board of County Commissioners (BOCC).

The consultant team will draft updated goals and policies for review. The draft goals and policies will be presented to the Planning Commission BOCC and made available for public comment.

The Consultant team will also perform environmental review of the draft goals and policies. Environmental review will include completion of the SEPA Checklist and an explanation of the consultant team’s approach to the SEPA review.

Following BOCC and Planning Commission input, public comment, and environmental review, the consultant team will prepare a complete Housing Element that incorporates the data from the Housing Needs Analysis. The Housing Element will be clear, concise, and legally defensible. The consultant team will work with County staff to determine the appropriate format and design for the final Housing Element document.

**Deliverable:** Draft Housing Element (in Word, with track changes) and the Final updated and complete Housing Element and potential final ordinance draft for Housing Element adoption.

