

SJC Comprehensive Plan Update 2036

Housing Needs Assessment Briefing



County Council: October 16, 2017

Planning Commission: October 20, 2017

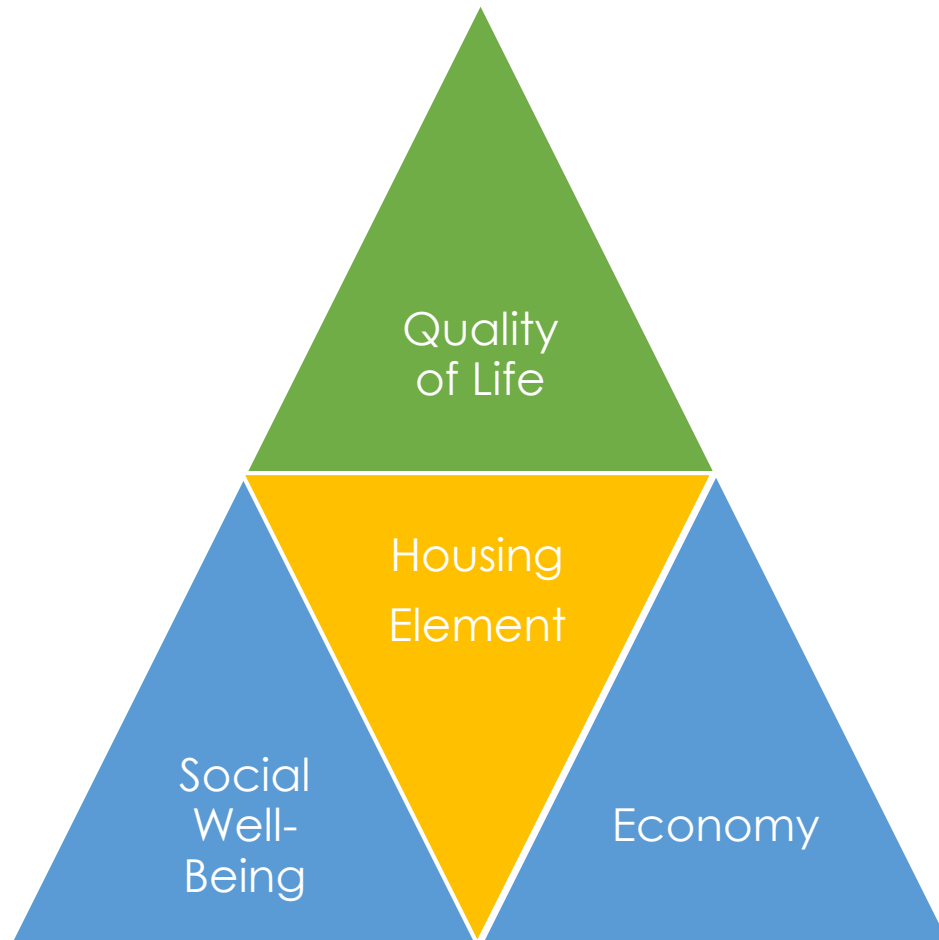
Overview

- GMA Housing Element
- Background
- Demographics
- Employment / Income / Affordability
- Housing Stock and Permit Trends
- Housing Need Estimates
- Questions and Comments



Housing

Growth Management Act Housing Element



- To help ensure the vitality and character of neighborhoods,
- Encourage the availability of affordable housing to all,
- Promote a variety of residential densities and housing types, and
- Encourage preservation of the existing housing stock.

GMA Update Requirements

Mandatory Housing Element requirements:

- Inventory and analyze existing and projected housing needs;
- Determine the number of units necessary for projected growth;
- Include goals, policies, and objectives for housing preservation, improvement, and development;
- Identify sufficient land for housing; and
- Provide for the existing and projected needs of all economic segments.

Housing Needs Assessment

- Continuous Public Participation: Refined preliminary August draft
- Incorporates public comments on first draft
- Refine draft after Council / Planning Commission
- Foundation for housing goals, policies and strategic actions
- Uses best available data:
 - U.S. Census,
 - American Community Survey,
 - Washington Regional Economic Analysis Project,
 - Office of Financial Management (OFM),
 - U.S. Department of Housing and Urban Development,
 - Runstad Center for Real Estate Studies, and
 - 2015 Washington State Housing Needs Assessment.

Demographics, Employment and Income

- Population
- Age
- Homeless
- Employment by Industry
- Income / Wages / Affordability



SJC Selected Population Projection: Based on its Proportionate Share of the State Projection

Year	OFM Medium SJC Population	Growth Rate	SJC Proportionate Share	Washington State Population (OFM Medium Projection)
2016	16,320	0.58%	0.23%	7,183,700
2020	16,845	0.80%	0.23%	7,411,977
2025	17,711	1.03%	0.23%	7,793,173
2030	18,532	0.93%	0.23%	8,154,193
2035	19,281	0.81%	0.23%	8,483,628
2036	19,423	0.74%	0.23%	8,546,278

Older, Aging Population

- Aging population;
- Less 20-40 year olds than State

Percent 20 to 40 year olds

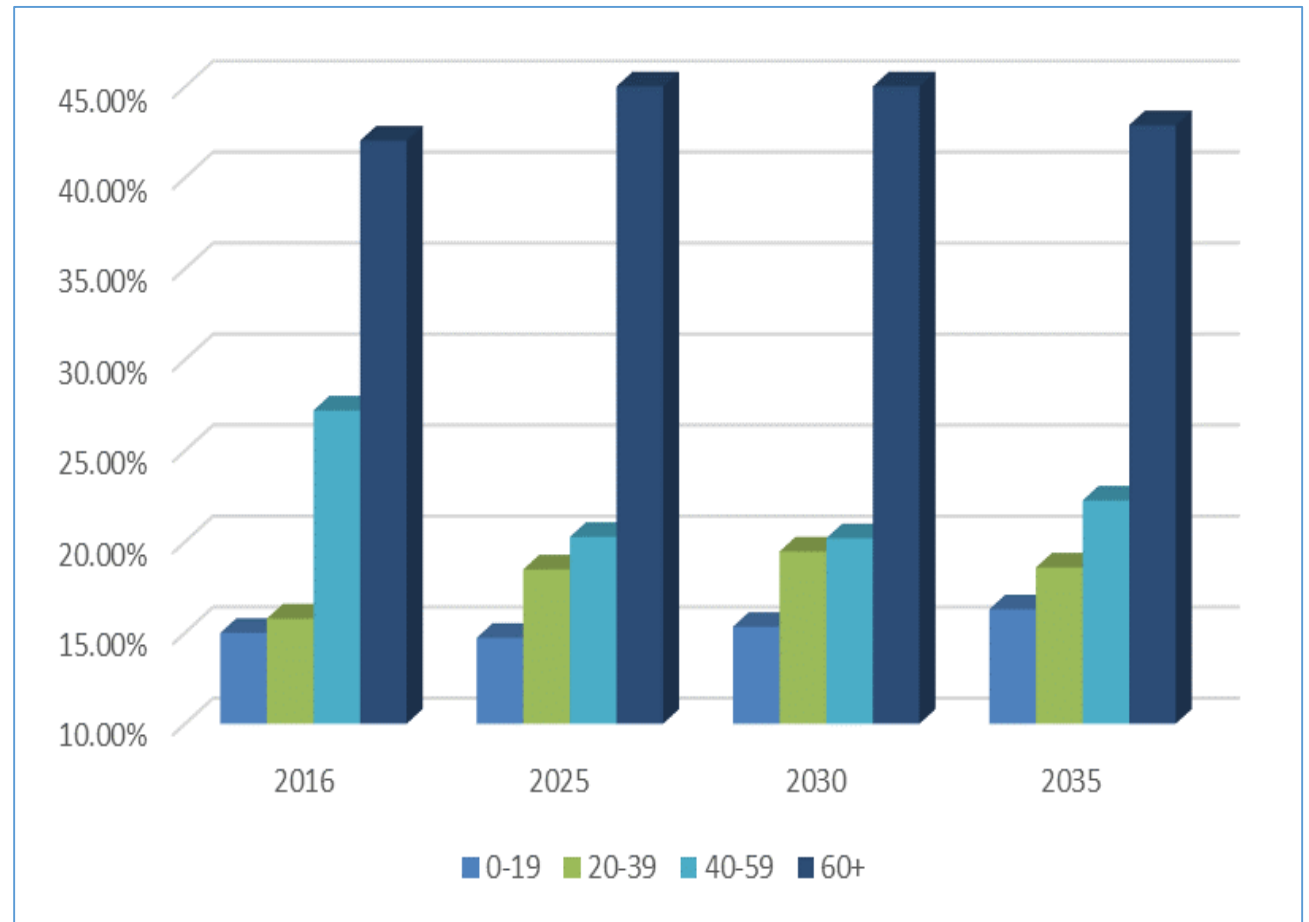
State: 28%

County: 16%

Percent Over the age 50

State: 34%

County: 58%



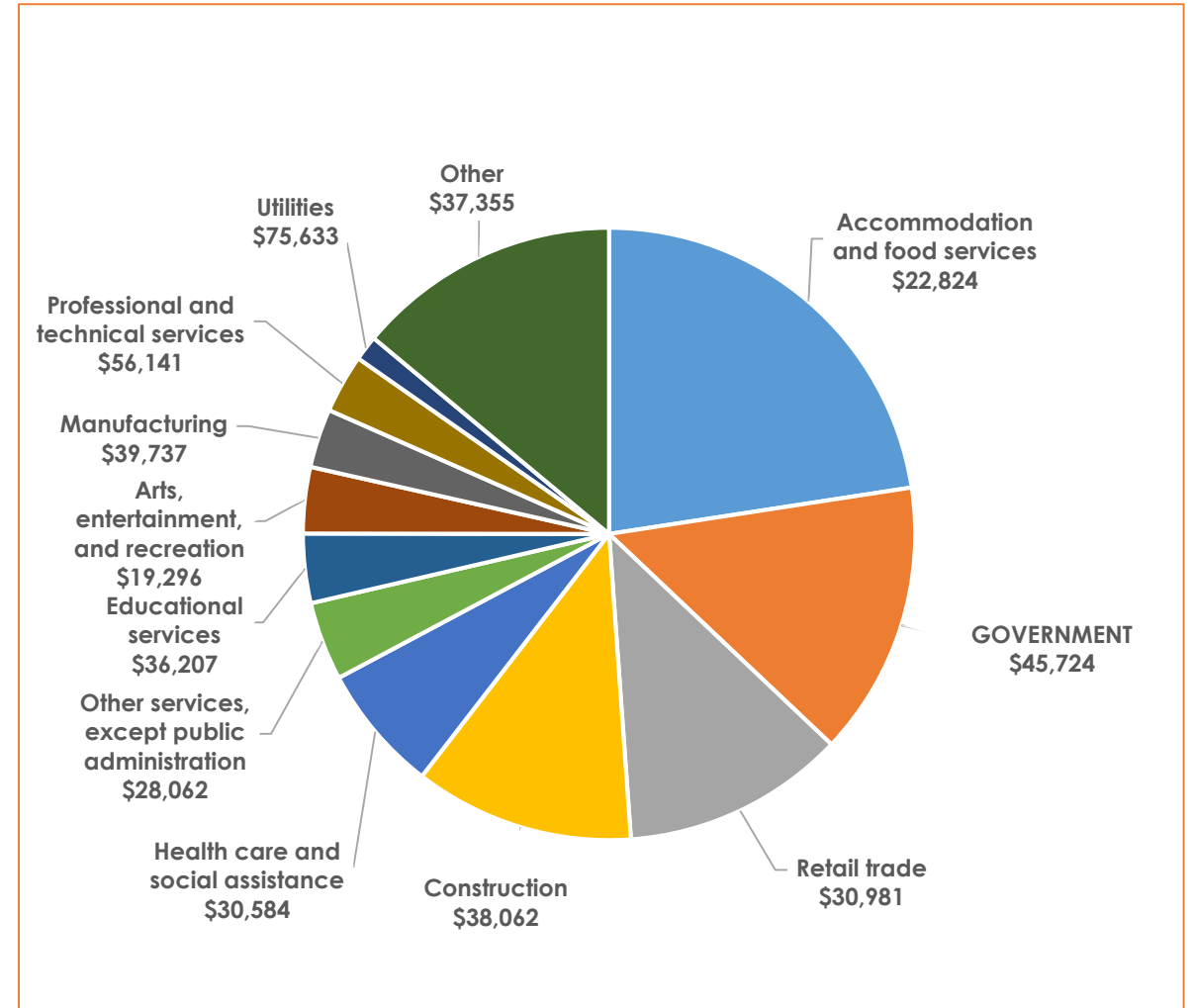
San Juan County Point in Time Homeless Count, 2014-2017

- The 2017 Point in Time Count recorded the highest number of homeless or at risk since the inception of the count.
- Many lived in substandard structures.

	2014	2015	2016	2017
Individuals Considered Homeless	44	74	58	96
Individuals Considered at Risk of Homelessness	21	60	46	58
Total	65	134	104	154

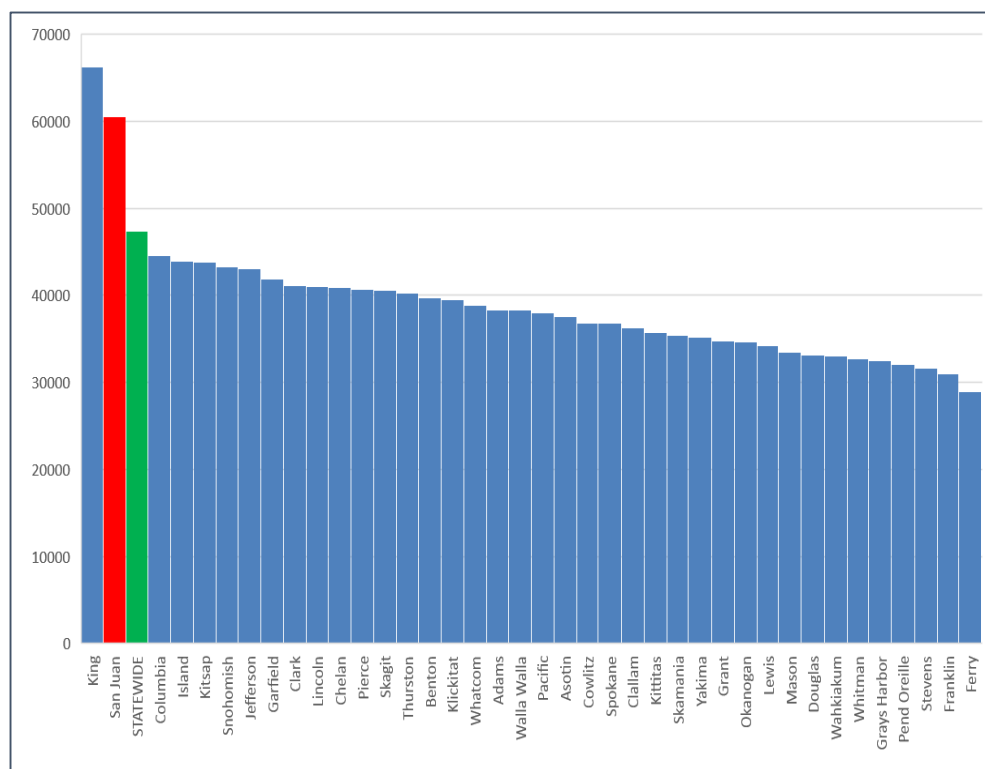
SJC Covered Employment Classified by Industry, 2016 and Industry Average Annual Wage

- Most common jobs are some of the lowest paid
- Accommodation, Food Services and Retail Trade make up one third of jobs
- Average pay between \$23,000 and \$31,000 a year

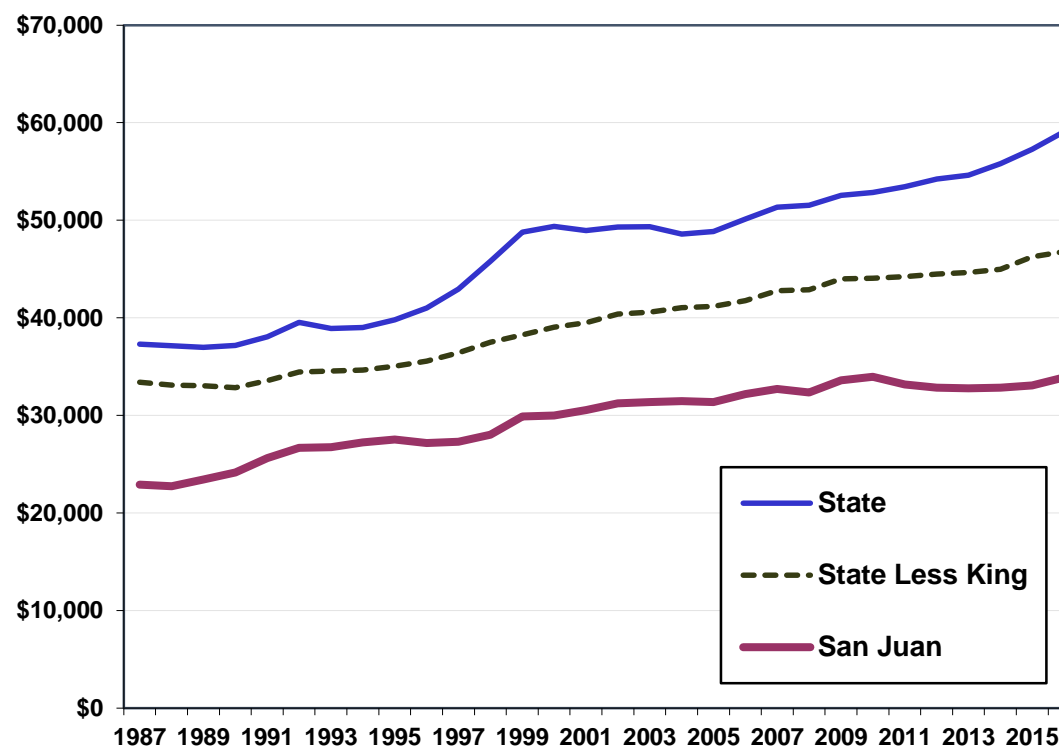


2015 Per Capita Income / 2016 Average Annual Wage

The County's per capita income of \$60,489 was the second highest in the State behind King County and reflects the high number of retirees in the County



The average annual wage in 2016 was \$33,890. The State average was \$60,489.



Employment and Income

- Employment and incomes affect housing affordability
- Unemployment rates fluctuate up to 3% between January – August
- One third of workers are employed in low wage jobs
- Employment is heavily affected by tourism and seasonal swings in unemployment
- United Way estimates that 11% of the population lives below the Federal Poverty Limit and another 22% lives above this limit but does not earn enough to afford basic households needs

Income and Housing Affordability

San Juan County Code 18.60.260

- Occupants pay no more than 30% of gross monthly income for total housing costs, including property taxes, insurance and monthly utilities, excluding telephone (owners and renters)
- Also “affordable housing” refers to housing serving as the primary residence for very low-, low-, moderate- and middle-income households as defined by the U.S. Dept. of Housing and Urban Development (HUD)

HUD Area Median Family Income (AMFI) Limit Guidelines, 2017

The County's Area Median Family Income as defined by HUD is \$67,600.

Area	Median	2017 Income Limit					BASE		
				1	2	3	4	5	6
	Income	Category		person	persons	persons	persons	persons	persons
San Juan		Extremely Low	30%	14,250	16,250	20,420	24,600	28,780	32,960
County	\$67,600	Very Low	50%	23,700	27,050	30,450	33,800	36,550	39,250
		Low	80%	37,900	43,300	48,700	54,100	58,450	62,800
		Moderate	95%	44,950	51,400	57,800	64,220	69,350	74,500
		Middle	120%	56,800	64,900	73,000	81,120	87,600	94,100
		Low Upper	150%	71,000	81,100	91,250	101,400	109,500	117,600

Of the households in San Juan County, nearly 40% have income that is considered either low, very low or extremely low according to HUD's guidelines.

Household Income Distribution (AFMI) 2010-2014

Most common:

- Home owners making more than 100% AMFI,
- Home owners making between 50 to 80% AMFI, and
- Renters making above 100 percent AMFI.

Renters making less than 30% of the AMFI are the second most common renter household.

HAMFI	Owner	Renter	Total	2010-2014 %	2036 Projected
Household Income <= 30%	330	495	825	10.83%	1,031
Household Income >30% to <=50%	475	365	840	11.03%	1,050
Household Income >50% to <=80%	855	460	1,315	17.27%	1,644
Household Income >80% to <=100%	595	210	805	10.57%	1,006
Household Income >100%	3,225	605	3,830	50.30%	4,789
Total	5,480	2,135	7,615		9,521

With the same household income distribution, 2,083 households are projected to be below 50% of the AMI by 2036 with 3,728 households categorized as either low income or below.

Cost-Burdened Households

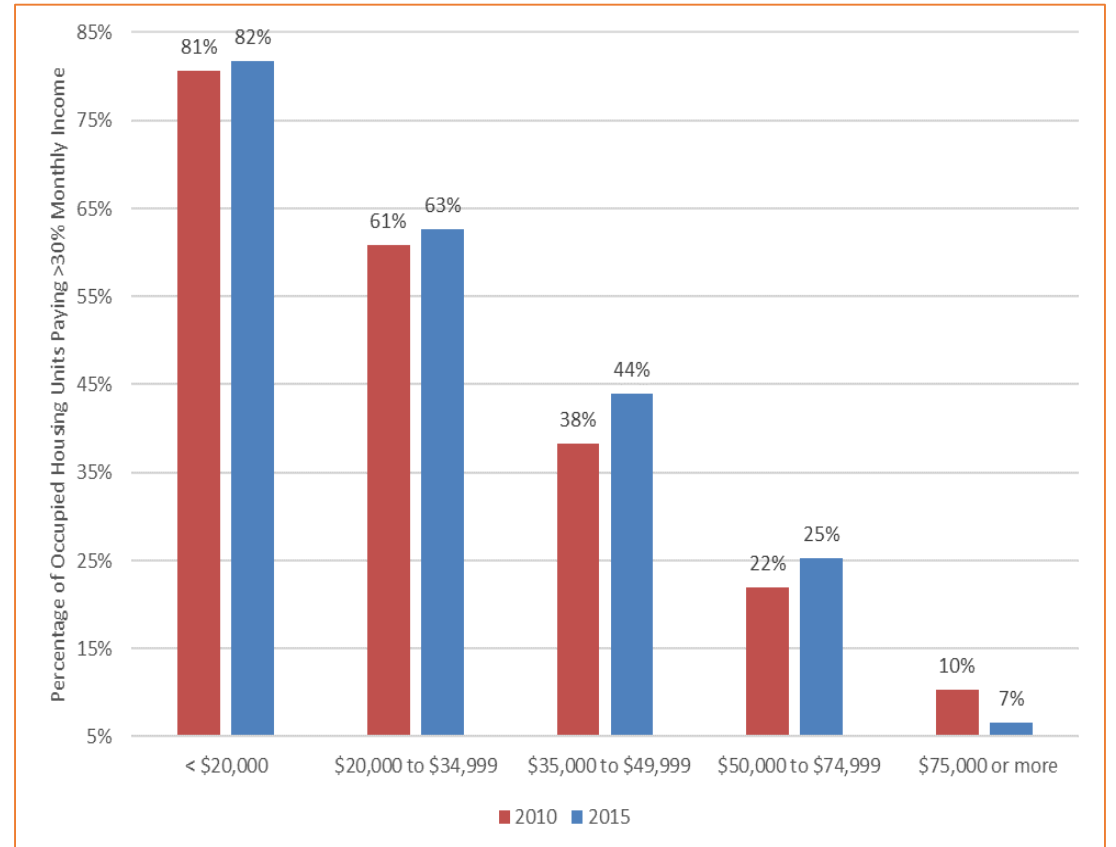
Owner Occupied

- 37% in the \$50,000 to \$74,999 income bracket
- 78% having less than \$20,000 (extremely low income)

2015 Household Income	No Cash Rent or Zero/Negative Income	< \$20,000	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 or more
Owner-occupied housing units	0.8%	8.6%	14.4%	13.2%	19.3%	43.7%
Less than 20 percent		10%	29%	36%	41%	67%
20 to 29 percent		12%	17%	19%	22%	22%
30 percent or more		78%	53%	45%	37%	11%
Renter-occupied housing units	13.8%	23.6%	18.4%	16%	14.4%	13.7%
Less than 20 percent		1%	6%	13%	38%	83%
20 to 29 percent		14%	22%	44%	49%	15%
30 percent or more		86%	72%	43%	13%	2%

Cost Burdened Household Trends

- From 2000 - 2010, the % of cost-burdened households increased in nearly all income brackets
- Lack of affordable housing options affects nearly every income bracket
- More common for middle and moderate-income households to become cost-burdened by housing
- In 2015, there were 3,100 cost-burdened households
- 3,713 cost-burdened households are projected by 2036



Affordable Home Price Based on a Household's Annual Income

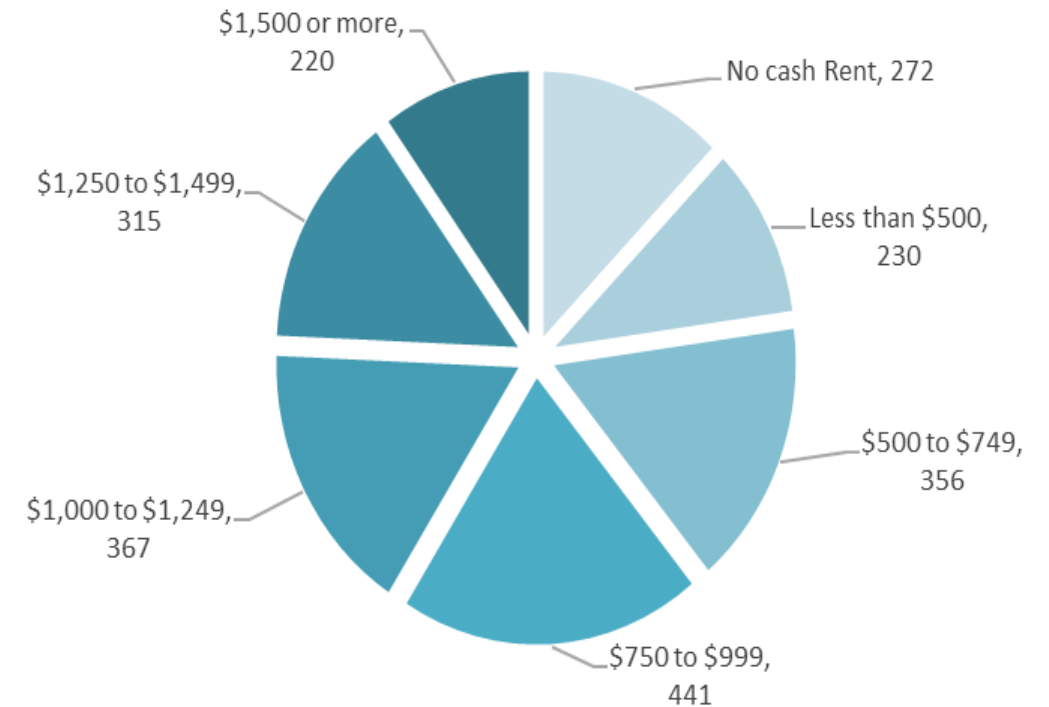


Income	Affordable Housing Expense (P & I) ²⁹	Mortgage Amount	Down Payment of 5 Percent	Maximum Home Purchase Price	Percent of Households at Annual Income Level Range	Percent of Owner-Occupied Houses Valued near Maximum Home Price Level
\$25,000	\$520	\$103,075	\$5,425	\$108,500	20.4% (\$24,999 or less)	5.03% (\$124,999 or less)
\$50,000	\$1,040	\$205,200	\$10,800	\$216,000	25.5% (\$25,000 to \$49,000)	12.78% (\$125,000 to \$249,000)
\$75,000	\$1,560	\$307,800	\$16,200	\$324,000	18.4% (\$50,000 to \$74,999)	23.5% (\$250,000 to \$399,999)
\$150,000	\$3,125	\$617,500	\$32,500	\$650,000	24.5% (\$75,000 to \$149,000)	58.69% (\$400,000 and up)

*Assumes 25% of gross income threshold, 30-year fixed rate mortgage, 5% down, and 4.5% interest

Rental Housing Units by Gross Rent, 2011-2015

- One-quarter of the rental stock has a gross rent of \$1,250 or more/month
- 13% have no cash rent (4% State average.)
- May be ADUs on properties where the tenants labor in lieu of paying rent



Another Look: Housing Affordability Index (HAI)

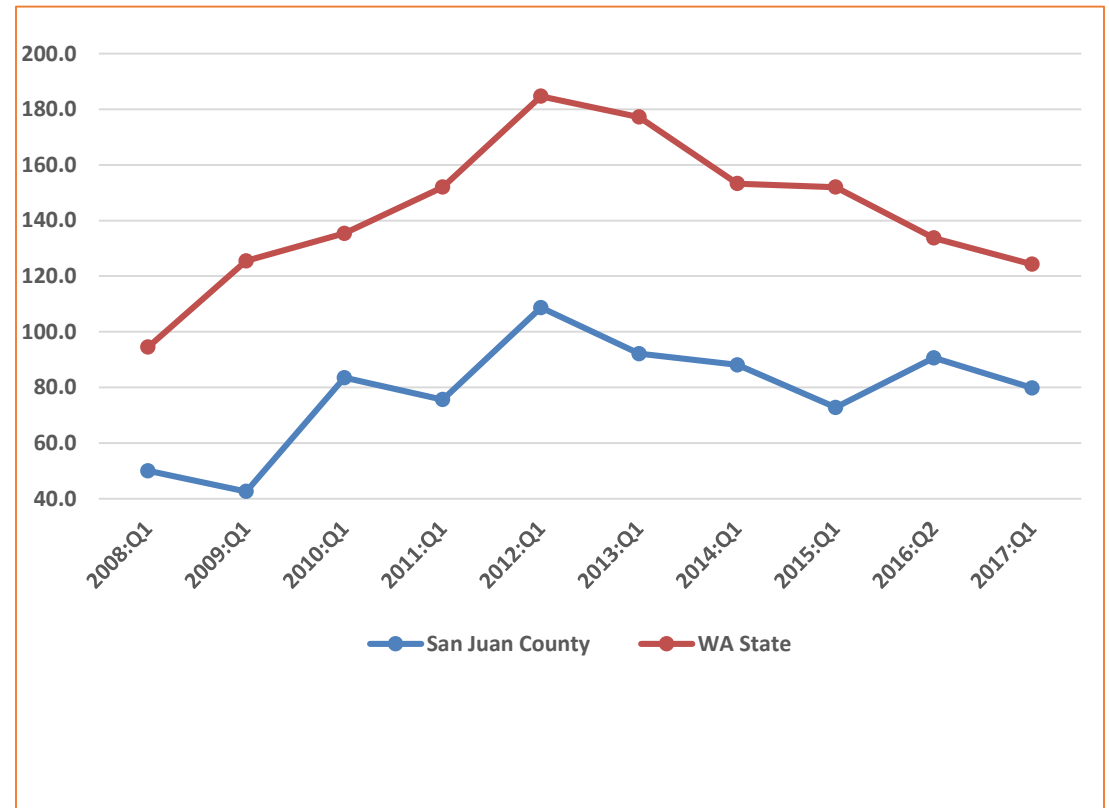
- Measures the ability of a middle-income family to make mortgage payments on a median price home
- Based on a ratio of income to the minimum outlay needed to qualify median priced home mortgage
- **An index of 100 = balance between a family's ability to pay and the cost.**

Area	Median Resale Price Q1 2017 (\$)	HAI	First- time Home Buyer HAI
County	\$453,100	79.8	37.5
State	\$324,300	124.3	71.4

Higher indexes = more affordable
Lower indexes = less affordable

Housing Affordability Index (HAI), 2008-2017

- SJC HAI was 79.8, a full 44.5 points lower than the State's 124.3 (1st Q 2017)
- Least affordable County in State
- First time buyers disadvantaged because of the down payment needed for an average price home.
- Since 2008, there is a correlation with the State's housing market as a whole.



Affordability

- Gap of nearly \$170,000 between an affordable house for those making the Area Median Income (AMI) and the median resale price of a home.
- Only 18% percent of houses in the County are valued at a price that would be considered affordable to the 46% of households making \$50,000 or less.
- For households making \$50,000 or less, there is one affordable rental unit for every 2.7 households.

Housing Inventory

- Number of units
- Age
- Condition
- Type
- Permits
- New Residents to Units
- Occupancy
- Vacation Rental Trends
- Value



Housing Inventory

- 3,561 new housing units were created between 2000-2010 (356 a year)
- 56% built for or converted to seasonal, recreational or occasional (21 per year)
- Vacant units increased 9.1%
- The majority of vacant units are used for seasonal, recreational or occasional use
- Units were converted from Owner Occupied to Vacant at roughly 6%

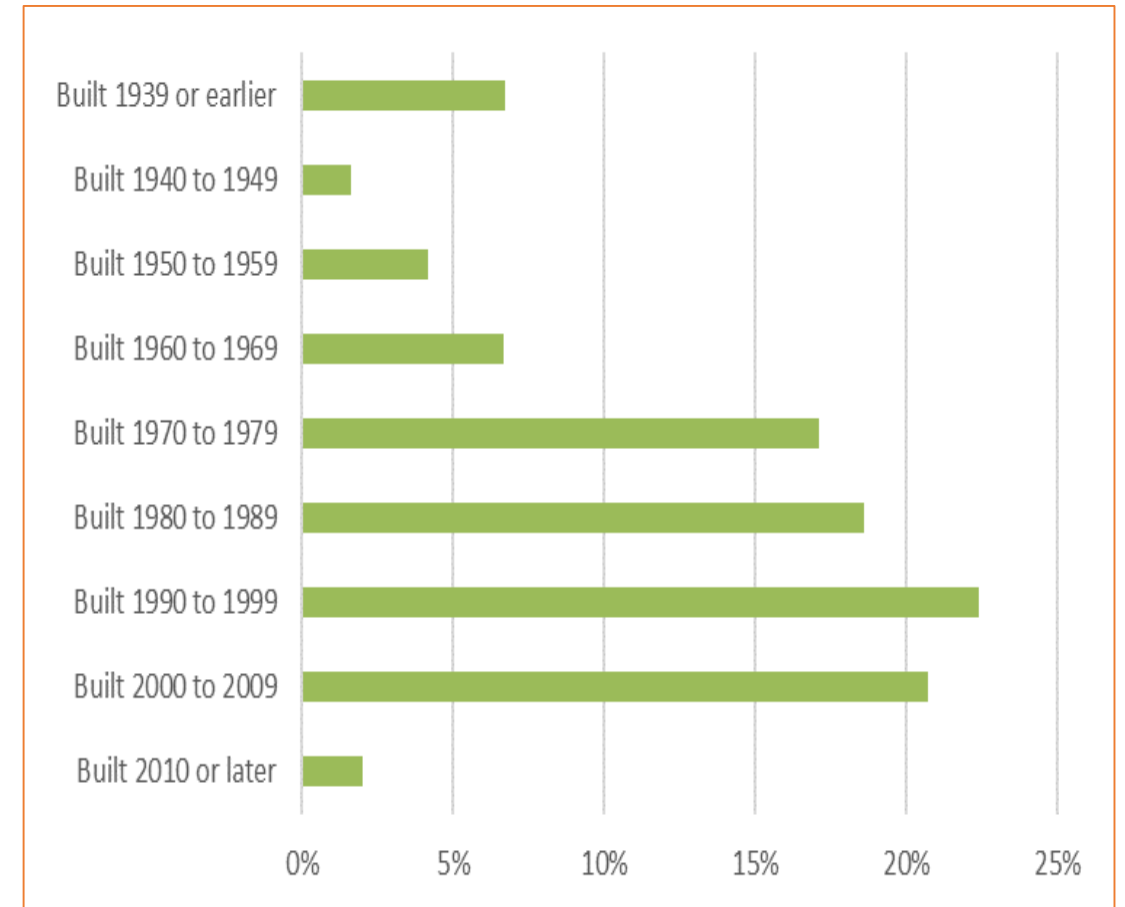
	2000 Census	2010 Census	Change from 2000- 2010	2015 ACS
Total housing units	9,752	13,313	+3561	13,619
Owner occupied	4,754	5,360	+606	5,507
Renter occupied	1,712	2,253	+541	2,201
Vacant housing units	3,286	5,700	+2414	5,911
Percentage of Total				
Owner occupied	48.75%	40.26%	-8.49%	40.44%
Renter occupied	17.56%	16.92%	-0.63%	16.16%
Vacant housing units	33.70%	42.82%	+9.12%	43.40%
Vacant Housing Unit by Type				
For seasonal, recreational, or occasional use	2,776	4,748	+1972	4,808
For sale only	82	187	+105	222
For rent	129	311	+182	214
Rented or sold, not occupied	63	57	-6	111
For migrant workers	0	5	+5	0
Other vacant	236	392	+156	556

Housing Inventory by Island, 2010

Island / Area	Total Units	% of Total	Vacant Units	% of Total	Rental Units	% of Total
San Juan County	13,313		5,700		2,253	
Lopez Island	3,249	24.40	1,861	32.65%	345	15.31%
Orcas Island	4,515	33.91	1,854	32.53%	826	36.66%
San Juan Island	5,549	41.68	1,985	34.82%	1,082	48.02%
Friday Harbor	1,273	9.56	258	4.53%	513	22.77%
Unincorporated San Juan Island	4,276	32.12	1,727	30.30%	569	25.26%

Age of Housing Stock and Substandard Housing

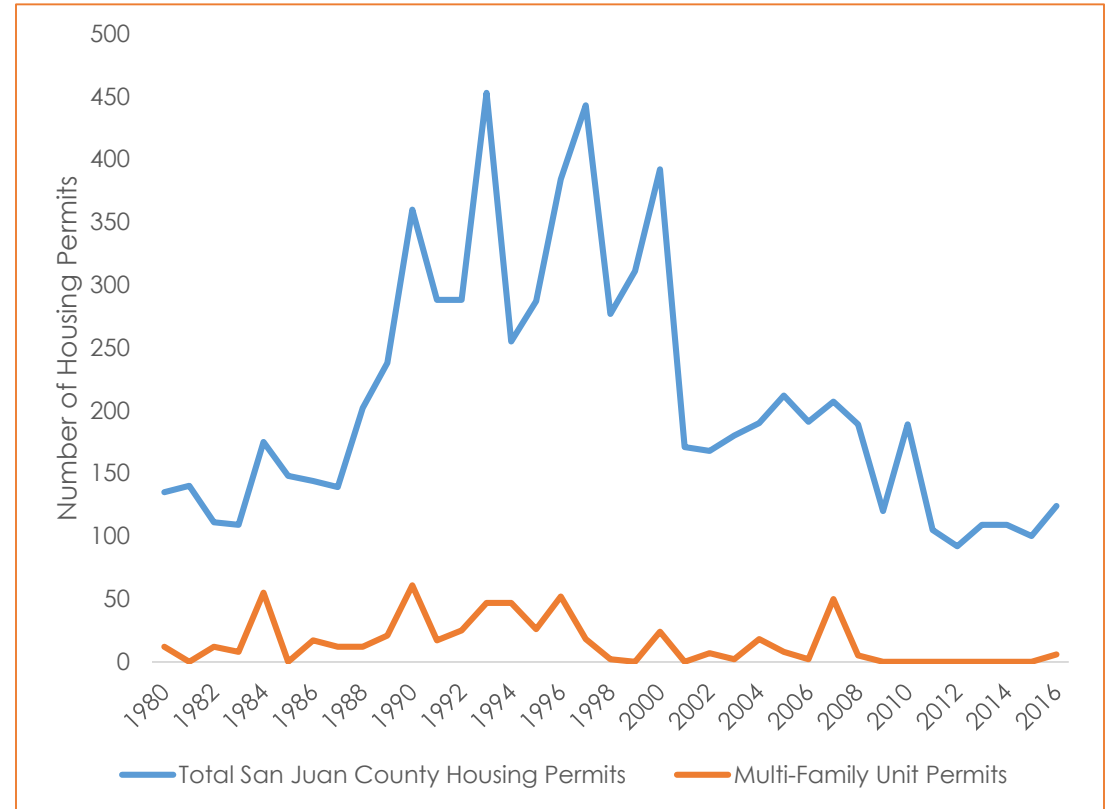
- Increase from 1.7% to 3.2% in occupied units lacking complete plumbing facilities (2010 to 2015). State steady at 0.5%
- Family Resource Centers indicate that the number of families living in substandard housing with poor conditions such as trailers, RVs or tents is increasing
- The largest percentage of respondents to the 2017 Homeless Count were those living in substandard structures



Primarily constructed after the 1970s

Housing Types and Housing Permits 1980-2016

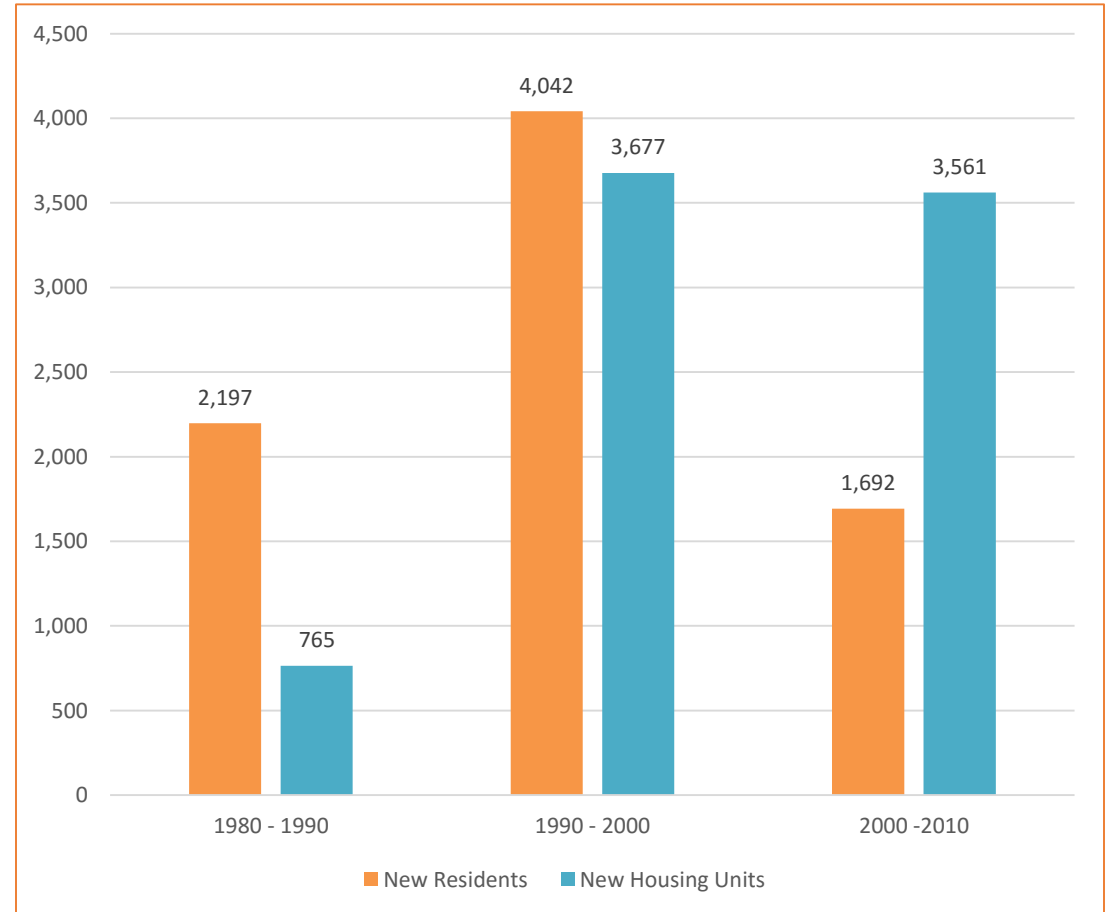
- Construction slowed over the past decade
- In 2015, 84% of structures were 1-unit detached, 63% statewide
- Only 3.4% of structures consist of five or more units, 19.5% statewide
- New multi-family projects almost entirely ceased between 2009-2015
- Lack of multi-family housing units



Lack of diversity in housing structures

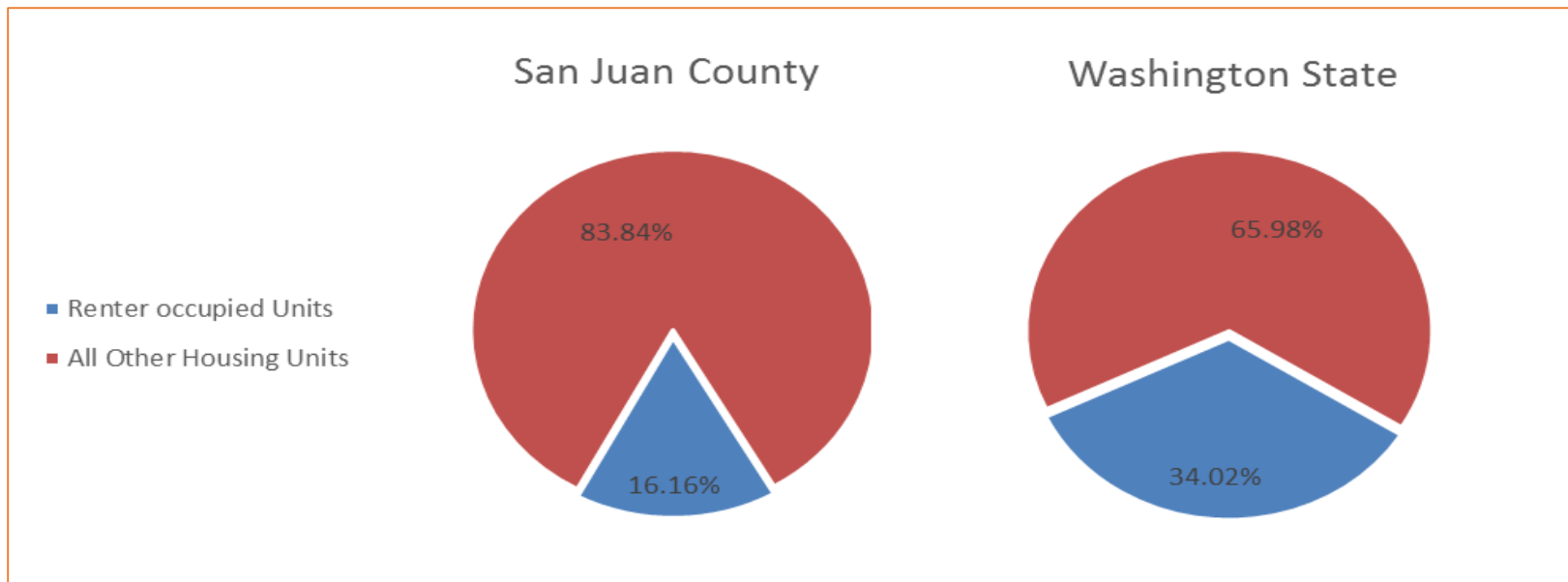
New Residents to New Housing Units, 1980-2010

- Between 2000-2010 the ratio of new housing units created to new residents was over 2 to 1
- Despite having 13,619 housing units in 2016 for a population 16,314, housing availability is an issue



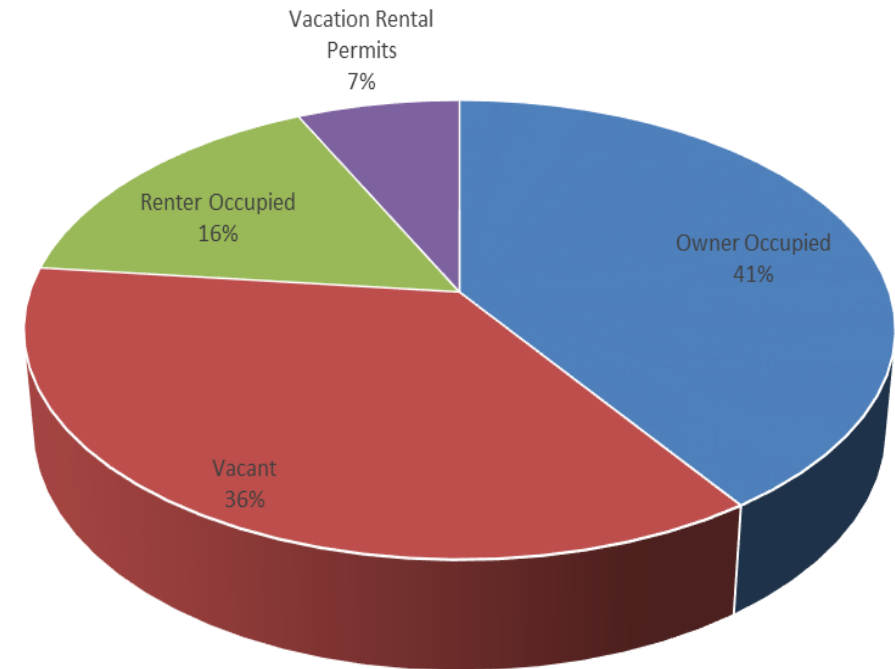
Occupancy

County Renter Occupied: 16.16 %
State Renter occupied 34.02%



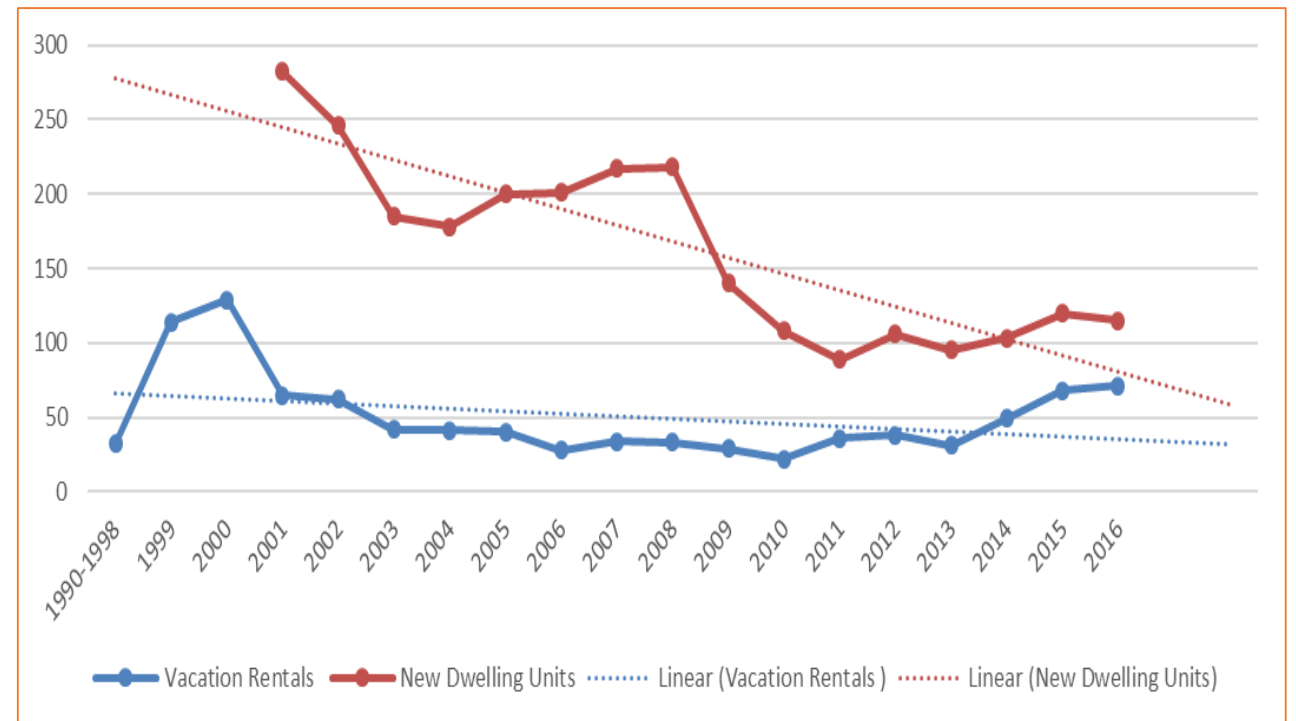
Housing Units by Occupancy Type, 2015

- 7% of the housing stock are Vacation Rental (VR) units
- VR units have grown modestly over the past 10 years
- New dwelling unit permits have steadily declined
- Not a large jump in the total number of VR units, but they are becoming a larger share of the housing stock.



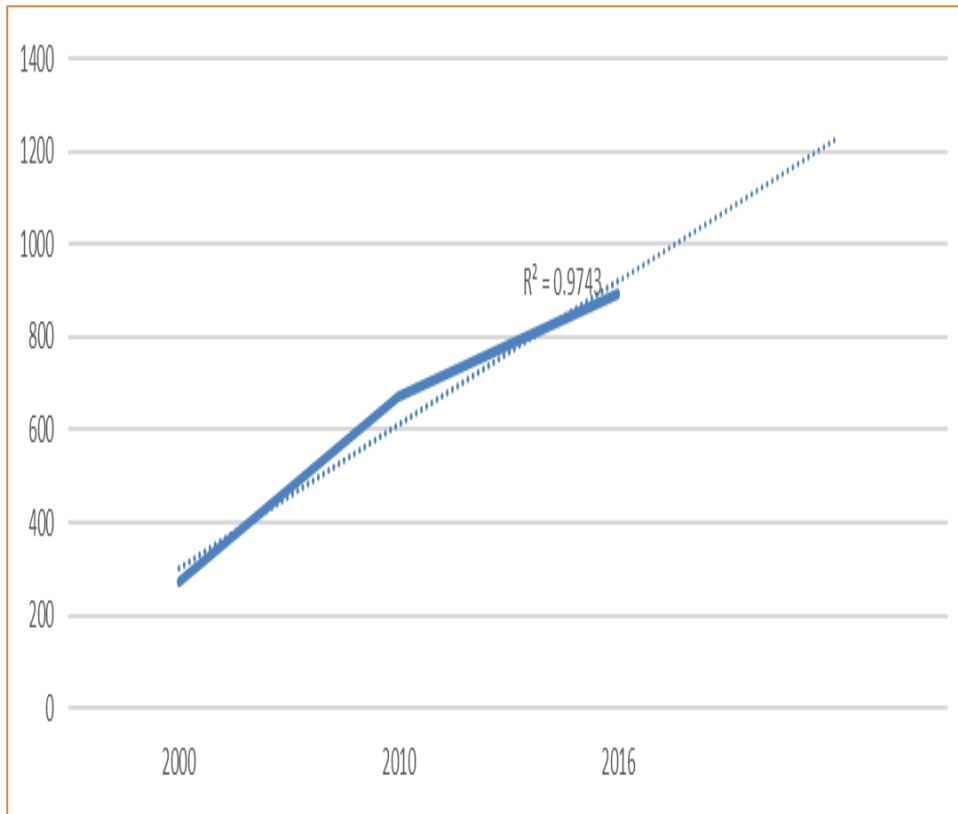
Vacation Rental Permits Compared to Dwelling Unit Permits

- From 2005-2010, there were on average 5.5 new dwelling units created for every VR permit issued per year
- From 2011-2016, there were only 2.18 new dwellings units per VR permit per year.

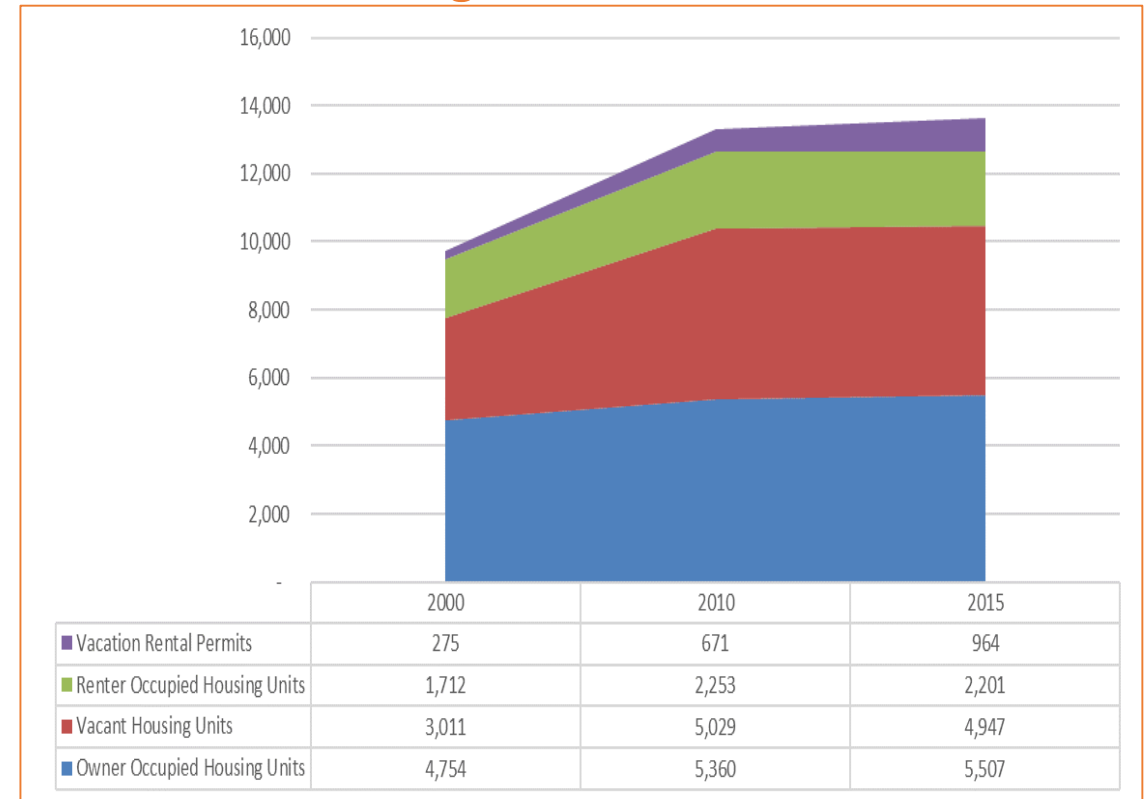


Vacation Rental Permits

Declining housing building permits seems to be a greater issue than the increasing number of vacation rentals.




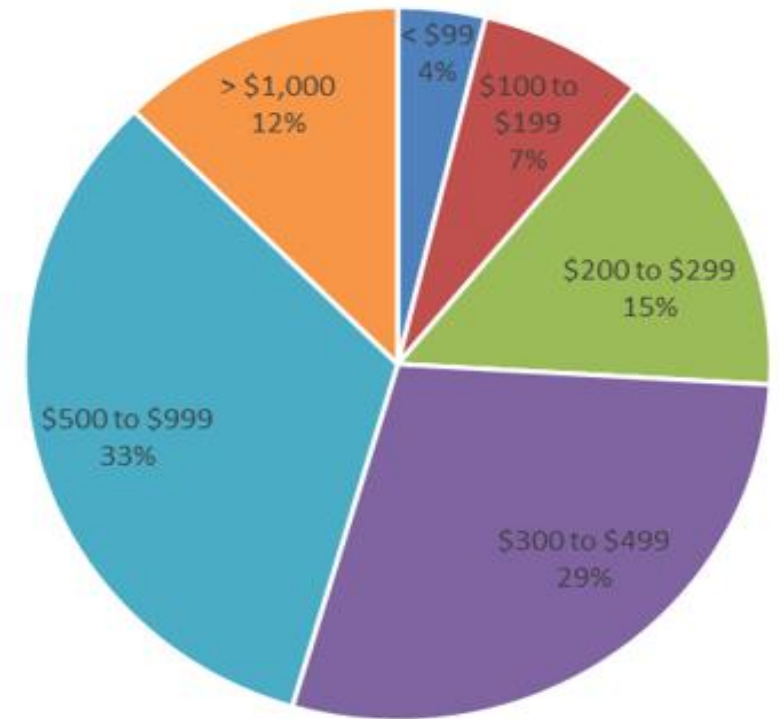
Total No. of Vacation Rental Permits 2000-2016



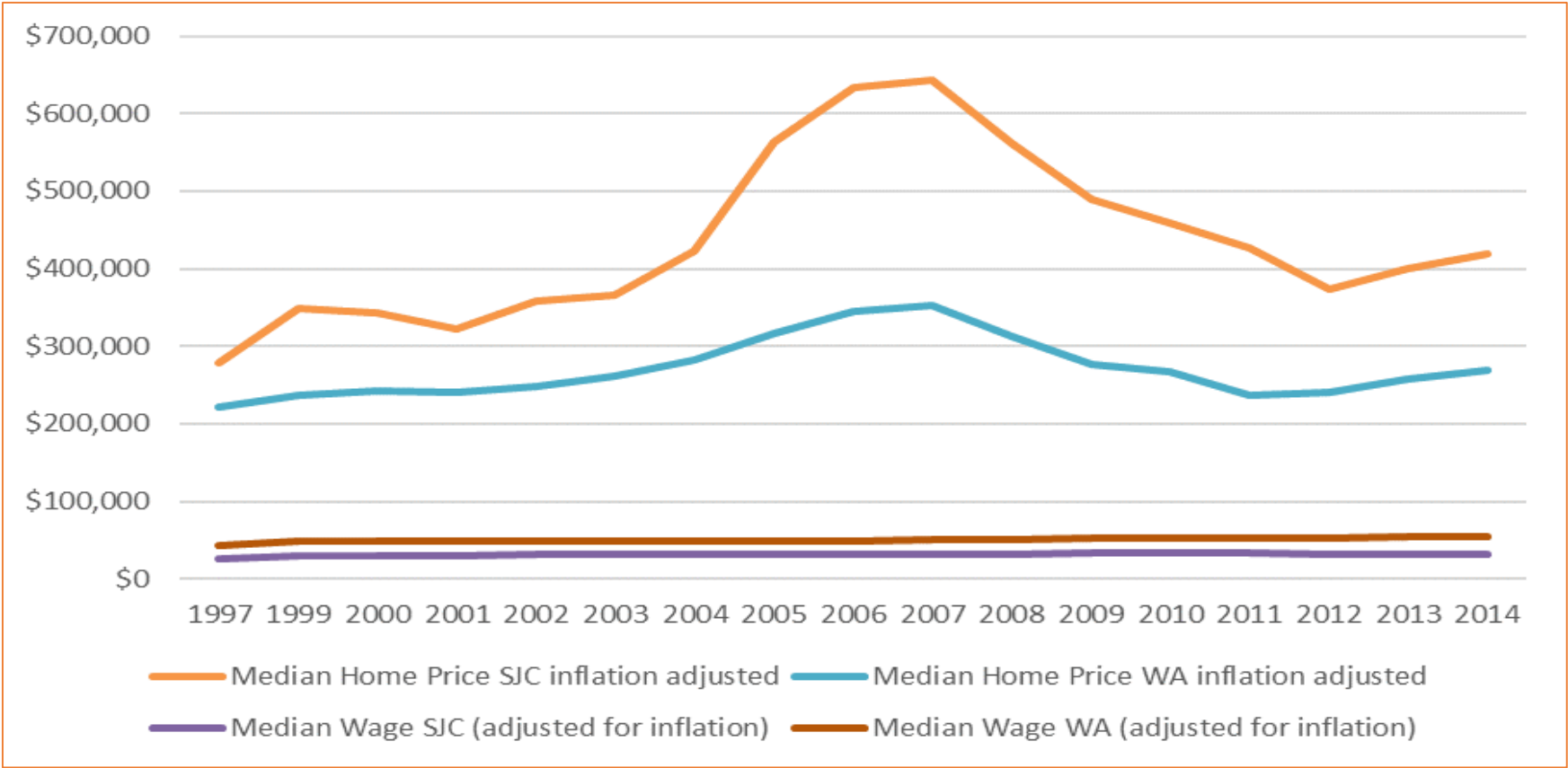
Units by Occupancy Type: Proportions since 2000

Owner-Occupied Housing by Value (1000s), 2011-2015 and Median Value (MV)

- \$465,500: ACS 2015 5-year Median Value estimate
- Median price  every year since 2012:
8% in 2014, 6% in 2015 and 6% in 2016
- The WA Center for Real Estate Research:
\$453,100 median resale price (2017 1st Quarter) =
nearly 30% higher than the rest of WA



Median Home Prices Compared to Median Wages, 1997-2014



Housing Need Projections



2036 Housing Need Estimates

- Based solely on the projected population increase of 3,109 by 2036, 1,524 new housing units will be needed. Of those, 809 would be allotted to Urban Growth Areas.
- Occupancies needed: 1,097 for owner-occupied units and 428 for renter-occupied.
- From 2000-2010, 56% of all new housing units were built for seasonal, recreational or occasional use. Based on this trend an additional 853 housing units ($1,524 \times 56\%$) would be needed to satisfy demand for seasonal or recreational use.
- A total of 2,377 new housing units might be needed to meet the 2036 housing needs for both permanent residents and seasonal residents.
- DCD is still assessing the seasonal population statistics which may change the seasonal analysis.

2036 Housing Projections Based on Adopted Population

Island	2016 Population	% Population By Island (2016)	2036 Population By Island	% Population By Island (2036)	Pop Growth by Island	Total # New Housing Units**	Housing Units UGA
San Juan Island (unincorp.)*	5,560	34.1%	6,146	31.6%	586	287	-
Friday Harbor	2,250	13.8%	3,152	16.2%	902	442	442
San Juan Island Subtotal	7,810	47.9%	9,298	47.9%	1,488	729	442
Orcas	5,395	33.1%	6,423	33.1%	1,028	504	252
Lopez	2,466	15.1%	2,936	15.1%	470	230	115
Shaw	241	1.5%	287	1.5%	46	23	0
Total Ferry Served Islands	15,912	97.5%	18,944	97.5%	3,032	1,486	809
Total Non-Ferry Served	402	2.5%	479	2.5%	77	38	0
Total	16,314	100.0%	19,423	100.0%	3,109	1,524	809

2036 Housing Projections Needed By Income Distribution

	Owner	Renter	Total	2010-2014 %	2036 Projected
Household Income <= 30% HAMFI	330	495	825	10.83%	1,031
Household Income >30% to <=50% HAMFI	475	365	840	11.03%	1,050
Household Income >50% to <=80% HAMFI	855	460	1,315	17.27%	1,644
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Household Income >100% HAMFI	3,225	605	3,830	50.30%	4,789
Total	5,480	2,135	7,615		9,521

To allow affordability, the following are estimated to be needed by 2036:

- 333 units for those making 50% of the Area Median Income (AMI) or less,
- 424 units for those making between 50 - 100% of the AMI, and
- 767 units for those making above 100% of the AMI.

Visit the Project Website and Subscribe for Update News

- Project website:
www.sanjuanco.com/1079/Comprehensive-Plan-Update
- Subscribe to receive future notices:
www.sanjuanco.com/list.aspx (look for Comprehensive Plan Update under News Flash)





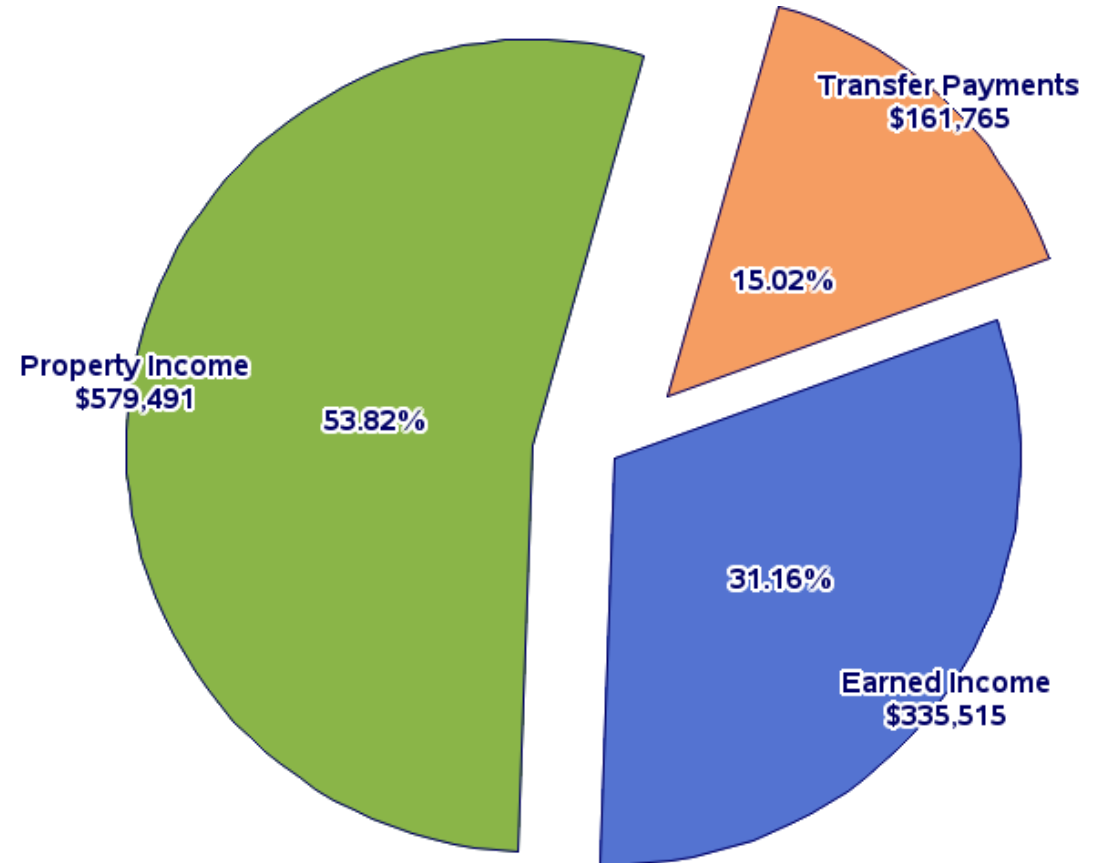
Reserve Slides

Changes in the October Draft

- Updated Executive Summary and Introduction
- Added “Key Issues” Summary to each section
- Section headings were re-organized / streamlined
- Some tables & figures were re-arranged for flow
- Corrected math error in housing projection
- Expanded info on the # of housing units needed
- Added Tables 5-3 and Added Table 5-10
- Re-wrote parts of sections 5.3.2 and 5.3.3
- Expanded parts of section 5.4 for clarity
- Added Figures 5-3, 5-7, 5-8, 5-10 and 5-12
- Added excerpt of Census definitions: Vacant Housing Units
- Expanded section 5.4.2
- Edited parts of section 5.4.3
- Edited Figure 5-18 to include State demographics
- Expanded 5.4.5
- Added definition of HUD income limits
- Added excerpt: 2013 Community Conversations
- Expanded section 5.5
- Added excerpt from Lopez Family Resource Center 2017 Affordable Housing Assessment
- Edited and expanded section 5.5.4
- Added excerpt from 2016 SJC Strategic Action Plan
- Added Conclusion Section 5.7
- Added Matrix of State, Federal and Private Housing Programs as Table 5-17

Figure 5-4. Major Components of Total Personal Income, 2015 (\$1,000s)

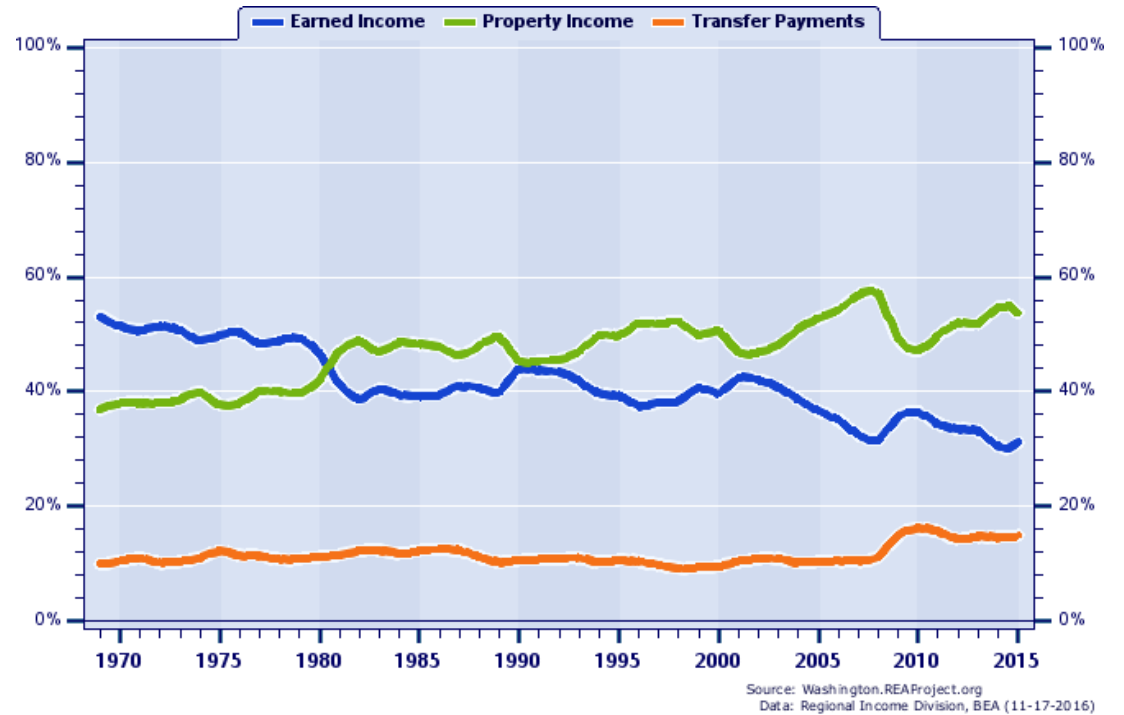
- The majority of income is earned through property income.
- Earned Income can be viewed as compensation for labor services



Source: Washington.REAProject.org
Data: Regional Income Division, BEA (11-17-2016)

Figure 5-5.
Percent of Total Personal Income: 1969 – 2015

- Earned Income ↓ 22%
- Property Income ↑ 16.9%
- Transfer Payments ↑ 5.0%



Large increases in Property Income and Transfer Payments share are often associated with counties that experienced an influx of relatively affluent retirees.